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EARLY CHILDHOOD EDUCATION

HEARING

BEFORE THE

COMMITTEE ON LABOR AND HUMAN RESOURCES UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

EXAMINING HOW TO IMPROVE EARLY CHILDHOOD EDUCATION AND THE FUTURE OF THE SKILLED WORK FORCE

FEBRUARY 22, 1989

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EARLY CHILDHOOD EDUCATION

WEDNESDAY, FEBRUARY 22, 1989

U.S. SENATE,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The Committee met, pursuant to notice, at 10:05 a.m., in Room SD-430, Dirksen Senate Office Building, Senator Edward M. Kennedy (chairman of the committee) presiding.

Present: Senators Kennedy, Pell, Harkin, Simon, Dodd, Jeffords, and Durenberger.

OPENING STATEMENT OF SENATOR KENNEDY

The CHAIRMAN. We will come to order.

We want to welcome our distinguished panel of witnesses to today's hearings on "Early Education and the Future of the Skilled Work Force".

Few people are better qualified to address this topic than the leaders we will hear from today. The changing nature of the work force and the job market require that we do a better job of preparing today's students to meet tomorrow's challenges. These concerns will not go away if we ignore them. They are confronting the Nation now, and they will continue to confront us in the next decade and well into the beginning of the next century.

It is no secret that we have lost ground in recent years because of the low priority assigned to education. We have lived too high on the hog, and we have failed to plant enough seed corn. Too many students will drop out of school in the next few years. Too many others will graduate without being able to complete a job application or read a bus schedule. The coming labor shortage will be most severe among skilled workers.

We need to upgrade all aspects of our education system, and one of the most important steps is to begin at the beginning—by placing special emphasis on early childhood education.

The members of the high school class of the year 2000 are the first graders of today. Too often, however, children of that age are already behind, because school failure begins before school. Some children live in such deprivation that they are below their grade level on the day they enter kindergarten, and their chance of ever catching up ranges from slim to nonexistent.

America knows how to deal with this situation. The question is whether we have the will. The Perry Preschool Project and other data show that children who participate in high-quality early education programs are twice as likely to go on to college, twice as likely to be literate, twice as likely to have a job, a third less likely to be school dropouts, half as likely to have teenage pregnancy, half as likely to be on welfare, and much less likely to have a run-in with the law.

These results translate into a sound financial investment. An expenditure of $4,800 per child saved $29,000 in later welfare, social, crime and other costs—or $6 saved for every $1 spent.

Last year, Congress enacted several important demonstration programs on this subject. But we need to do more, and the legislation I have introduced is a step in that direction. We know early education works. The Federal Government must encourage States and localities to become involved, and we must work with the business community as well. In a sense, they have the most at stake, because the strength and vitality of our free enterprise system itself are so deeply involved.

I welcome the support and encouragement of the business leaders testifying today. Last year, we heard testimony from Brad Butler, the Chairman of the Committee for Economic Development, who was very supportive of our efforts in early childhood education. This testimony and that of today's witnesses is sending a message to Congress and the country, and it may well turn out to be among the most important message this Congress will hear.

I want to welcome Senator Simon, who has been so interested in and so committed to all aspects of education policy, and look forward to whatever comments he has.

OPENING STATEMENT OF SENATOR SIMON

Senator SIMON. Thank you, Mr. Chairman, and I thank you for your leadership on this.

Just a few words—and I regret that at 11:00 I have another meeting that I am going to have to leave. It wasn't too many months ago, we held a hearing in this same room where the Superintendent of Schools of Philadelphia testified and said what a remarkable thing was happening where they had intensified preschool education for some of the disadvantaged young people of Philadelphia. In the questioning period, I asked her what percentage of the young people who really need services are you reaching. She said about 20 percent. That means 80 percent are falling through the cracks.

I think we have to ask what we are doing for the future of our country. A disproportionate percentage of those who are falling through the cracks are members of minority groups. Eighteen percent of the work force in this country today is made up of minorities; by the end of this century, it is going to be 29 percent—that is just 11 years off.

We have to be doing a better job. We have just gone through a political campaign where, ironically, the Pledge of Allegiance was a major issue in that campaign. In the Pledge of Allegiance, we say, "One Nation, under God, indivisible"—that means when anyone in this Nation hurts, all of us hurt. And there are too many people who are hurting.

I know, Mr. Chairman, we customarily note the presence of people from our own States, and it is the politically proper thing to do. But in this case, we have a witness who really has led in this field, and that is Irving Harris. I am very, very proud to have him here.

Finally, Mr. Chairman, as we deal with the preschool issue, we must also deal with adult illiteracy. There is no reason that this Nation is 49th among the nations in the United Nations in our literacy rate. If we have greater input on enriching at home, we are going to be moving on this problem. I am not suggesting it as an alternative to the preschool program, but it ought to go along with it.

Again, Mr. Chairman, I thank you for your leadership, and I look forward to hearing from today's witnesses.

The CHAIRMAN. Thank very much, Senator Simon.

The problem of illiteracy is growing by about 1,600,000 individuals every year. We are not gaining on the problem; we are losing on it. This is a very special area of interest.

OPENING STATEMENT OF SENATOR HARKIN

Senator HARKIN. Mr. Chairman, I am pleased to join you at this hearing today to consider the role early childhood education plays in the future of the workforce. We're all concerned about the competitiveness of the United States, and well we should be—by 1990 more than 50 percent of all jobs will require education or technical training beyond high school. Yet I hear that at least one out of every 8 17-year-olds is illiterate, and that the drop-out rates of many urban high schools are 50 percent or more. These statistics have frightening implications for U.S. competitiveness.

But there's an issue at stake here that's of even more concern—disadvantaged youngsters are not being given the opportunity to fully develop their talents and potential. And when that happens, we all lose out. Research has already shown us that high quality early childhood programs may double a child's chances of becoming literate, becoming employed, and going on to higher education.

I am pleased that the witnesses have come here today to help us consider this important issue. Thank you.

The CHAIRMAN. As I mentioned, we have a very distinguished panel. We are enormously grateful to all of them for taking the time to join with us today. I think this is an unusual group of men and women who will present us with a wide variety of different insights into what is happening in not only corporate America but in our economy. These men and women spend a good deal of time thinking not only about today's challenges, but the future. So we are looking forward to their testimony. I know all of you are under time constraints, and we will do the best we can.

Mr. Munro, we want to thank you very much for joining us. Mr. Munro is Chairman of the Board of Time, Inc. Last September, he participated in a symposium sponsored by Fortune Magazine on business and education. The symposium targeted preschool education as one of the education reforms the business community should strongly support.

We will proceed first by hearing from Mr. Munro; then we will hear from the rest of the panel, and then come back, and in the time that we have, to try and get as much interaction and response to questions as we have time for.

Mr. Munro, we look forward to your testimony.

STATEMENTS OF J. RICHARD MUNRO, CHAIRMAN OF THE BOARD, TIME, INC., NEW YORK, NY; ROBERT MERCER, CHAIRMAN OF THE BOARD, GOODYEAR TIRE AND RUBBER CO., AKRON, OH; ARNOLD HIATT, CHIEF EXECUTIVE OFFICER, STRIDE RITE CORP., CAMBRIDGE, MA; DR. MATINA HORNER, PRESIDENT, RADCLIFFE COLLEGE, CAMBRIDGE, MA; FRANK DOYLE, SENIOR VICE PRESIDENT, GENERAL ELECTRIC, FAIRFIELD, CT; AND IRVING HARRIS, CO-FOUNDER, OUNCE OF PREVENTION EARLY EDUCATION FUND, AND CHAIRMAN OF THE EXECUTIVE COMMITTEE, PITTWAY CORP., CHICAGO, IL

Mr. **Munro**. Good morning, and thank you very much, Mr. Chairman, and I guess we wish you happy birthday.

The **Chairman**. Thank you very much.

George Washington's birthday is February 22nd. I was born in 1932, and George Washington was born in 1732. And I have always suggested—if I could take one minute of the time of this hearing—that we go back to the selection of political leadership the way they do in the Dalai Lama. They always look for someone who was born on the birthday of the founder of their country, to give them an ascendancy.

Well, that is just something I was dreaming about last night. [Laughter.]

Please proceed, Mr. Munro, and thank you very much.

Senator **Simon**. I assume on this occasion, Mr. Chairman, you are going to give one of your famous cigars to all the witnesses here.

The **Chairman**. I wish I had a good one. [Laughter.]

Mr. Munro?

Mr. **Munro**. As I was saying, I was pleased to respond to your invitation of last week to testify because your bill recognizes the urgent need for increased investment in early childhood education. Although I am neither an expert on child care nor on the Federal Government's role in helping to promote it, I do have a longstanding interest in education and in literacy. I am convinced that both the public and private sectors must help reach the growing numbers of children in this country born to lives of economic despair and cultural deprivation.

Looking at S. 123 from this perspective, I would like to comment on what I see as three particularly important aspects of this legislation.

First and foremost, there is the intent to provide high-quality early education to children in the year before they enter the educational system, in most cases, when they reach the age of four.

Over the past decade, the Constitutional mandate "to promote the general welfare" has once again become a battlefield of competing theories that has generated intense debate over where and how and if Government intervention can help reduce poverty and promote equal opportunity.

The argument is far from settled. But gradually and without much notice, a consensus has emerged in at least on area of the debate.

A steady flow of reports from universities and foundations has provided conclusive evidence that the surest—and in the long run, I guess, the cheapest—way to deal with problems like widespread illiteracy and the shameful dropout rates we have in our schools is by preventing them.

The place to do this is in early childhood, in the years before a child enters kindergarten. These findings have been endorsed by the National Governors' Association, as well as by such business groups as the Committee for Economic Development.

And now, a report from the Heritage Foundation entitled, "False Start? The Fleeting Games at Head Start", has added another conservative voice to the case for early childhood intervention.

As reported in the New York Times of last Wednesday, the Heritage Foundation report confirmed the success of Head Start in raising intelligent scores and improving nutrition, but pointed out that the gains are often eroded or erased after two years in elementary school.

The problem lies, the report stated, in the lack of continuity between preschool and traditional elementary school, which causes early improvements to be wiped out and also in a lack of parental involvement.

S. 123 builds on the substantial agreement that has emerged on the cost-effectiveness and social usefulness of preschool programs, especially where they are targeted to the poor.

It has the potential to bring us closer to providing the comprehensive preschool preparation necessary for an effective transition into elementary school and, I believe, offers real hope for breaking the cycle of want and dependency so many American families are now trapped in.

S. 123 may not contain all the answers to how we can bring opportunity and hope to the 13 million American children now being raised in poverty, but in my view it does represent a part of the answer, and I support its intent.

The second important aspect of this bill is, I believe, its emphasis on creating community involvement in the day-to-day operation of this program. Last fall, Time Inc.'s Fortune Magazine sponsored an educational summit here in Washington. It brought together top business and political leaders to address America's widespread failure in producing the educated work force we need to be competitive in the global economy.

A whole range of recommendations came out of this summit, but a central one was that unless our national effort to extend or restructure educational services actively involves people at the State and local levels, it had little chance of success.

S. 123 is designed to create that involvement. At the State level, it will set up an advisory task force to develop a plan of implementation and to award grants to localities. And at the local level, it is designed to involve not only educators and social service representatives in setting policy, but most important parents.

Along with small class sizes, a well-trained staff, and the provision of full-day services for the whole calendar year, this emphasis on parental involvement is an important ingredient in ensuring this bill will make a real difference in the lives of those it is designed to help.

The third point I would like to raise concerns less what is stated in this bill as what is implied. For example, from my necessarily quick reading of S. 123, it is unclear to me how this bill in practice will supplement instead of duplicate the Head Start Program. Also, the bill appears to recognize that a close legislative fit should exist between education and child care programs.

I assume that as the proposed "ABC" and other child care bills move through Congress, the committee will assure that the final legislation will provide for maximum coordination of these programs at the Federal, State and local levels.

I raise these issues because I think we have reached an important juncture in this country. The consensus I spoke of earlier gives Government the chance to take the lead in putting in place meaningful new efforts to improve educational opportunity for the disadvantaged.

But if that consensus is not to dissolve into contention, then these new programs must be as carefully thought through as possible. There must be widespread agreement about their scope and their cost and, of course, their limits. There must be a minimum of duplication and waste.

At this point, there would be only one thing worse than doing nothing about the enormous human needs America faces in providing for the early development and education of our children. That would be to try and to fail; to let this opportunity slip away from us because we did not do everything possible to make these programs effective proof of the intelligent and efficient ways in which Government can work to the benefit of all, particularly to those most in need.

We at Time, Inc. know how great that need is, and although we believe that the main responsibility for educating the young and administering our schools is with the public sector, we recognize the important role corporations and business must play. Time, Inc.'s involvement is substantial.

In addition to the three-to-one ratio at which we match our employees 'contributions to public schools as well as the traditional matching grants to colleges and universities, Time, Inc. has created a number of educational efforts of its own.

Here in the Washington area, volunteers from Time-Life Books and Time Magazine's Washington News Bureau work with local public school students in the "Odyssey Project", a comprehensive effort to improve students' research and writing skills.

Our textbook publishing company, Scott, Foresman, underwrites a program for honoring outstanding high school literary magazines and sponsors two annual lectures on children's literature as well as a prize for excellence in the teaching of children's literature.

Time, Inc. Magazines has launched a new business venture called Sports Illustrated for Kids, that is also designed to be part of the fight against illiteracy. Through its literacy grant program, SI for Kids, along with accompanying teachers' guides is being distributed free to 250,000 students in 1,000 public schools.

Home Box Office, our video programming arm, has created "Project Knowledge", which tailors HBO documentaries and selected features for use in the classroom.

All of our businesses—books, magazines, HBO, and our cable company—participate in 30 different "Adopt-a-School" programs around this country.

At present, the largest single commitment Time, Inc. has in the field of education is called "Time to Read", our reading improvement program that has grown into a network of about 1,000 volunteers, almost 40 of them Time, Inc. employees, operating in 13 States at 33 sites.

Among the 15 sites that serve children and adolescents are Rikers Island Prison in New York City, Westchester High School in Los Angeles, and Cochrane Junior High School in Charlotte, North Carolina.

A number of other corporations and organizations have sponsored "Time to Read" sites of their own. For instance, in Houston, Texas, the "Time to Read" Program at the George I. Sanchez Senior High School is sponsored by the Association for the Advancement of Mexican Americans, and the tutors are sponsored by Xerox and the Houston Chronicle.

Time, Inc. is proud of these efforts, and as a part of my testimony here today, I would like to submit, Investing in Human Capital, a booklet that describes in greater detail the extent to which our company is involved in improving America's educational resources.

My colleagues at Time, Inc. and I share the concerns of this committee about the waste of human resources that we continue to tolerate in this country, the lives lost to ignorance, unemployment, drugs, hopelessness and violence.

At any time in our history, such waste would be tragic and unforgivable. At this time, with a short of the talent and skills we need to stay competitive, it is also self-destructive.

There is a lot to be done before we reverse the damage that has already been inflicted, and it will not be corrected overnight. But now is the time to begin, and S. 123 is the place to start. If it is backed by sound integration with existing and future programs, if it is implemented creatively and effectively, if it offers a disciplined framework of careful evaluation and follow-through, if it produces results, S. 123 may not only help the children most in need, but it may also signal a new era.

It may mean that we are moving past the ideological wars of the 1980's into a period when all of us—businessmen and women, parents, school officials and public officials—can work together to help create a prosperity every American can share in.

I certainly pray that will be the case, and I thank you.

The CHAIRMAN. Thank you very much for your testimony.

It is not often that this committee is in agreement with the Heritage Foundation, and we welcome the fact that they support early education. We will not comment on their evaluation of Head Start—that will be for another time.

But I think you do pose good questions for this program. We have attempted to maintain the flexibility to try and use existing local resources more effectively in bringing this educational component. We have tried to leverage local communities and States to expand their own resources, recognizing the limitations that exist in so many of those communities even today.

So we are attempting to deal with the resource issue, and we hope that as a result of these hearings we will be able to be more effective in fashioning and shaping the approach that we are using.

I would like to get to a broader issue and question. That is, given the fact that for the most part, really going back to the 1960's, or late 1950's, when we began the debate about the role of the Federal Government in education, it has been primarily recognized that we do have a role in higher education, but a much more limited role in primary and secondary schools, outside of the bilingual and Chapter I programs, and some role in terms of the handicapped. It has really been much more limited.

And here we have a group of businessmen and a very distinguished educator, who have given this a good deal of thought, who are urging this kind of federal component and this kind of supplement for our education system that goes to the earliest times of a person's life.

How do you think this has come about? What exists today that has brought this kind of consensus within the business community? Why is this important, really, in terms of the business community, outside of—and we will assume that all of our panelists are interested in the development of American citizens in terms of appropriate and quality education—but what is it that has brought the corporation to this position, outside of your own leadership—certainly, we recognize that—but what in addition; why have you been able to get support within Time, Inc. for this type of concept?

Mr. MUNRO. Yes, I was going to say I am not sure there is a consensus in business, Senator Kennedy, but speaking for Time, Inc. and for a New York City corporation—and I think I am the only one here representing New York City—it is obviously in our best interests. I mean, we are going to be no stronger a company than the community which we are a part of. And if you look at the horrendously complex problems facing the public schools of New York City, as well as the deteriorating social fabric within the city itself, I do not think business has any other option but to become deeply involved in trying to make these schools produce productive workers for our factories and our offices.

Now, I think business has been very slow to recognize this. There are several of us, and several of us on this panel as a matter of fact, who have been making these speeches for a long time and watching eyes glaze over. I think perhaps that day is coming to a halt, because we all know that when we go out and hire people from the public schools of New York City, a lot of them do not read or write very well. And you may recall last year, when John McGillicutty of Manufacturers Hanover promised jobs to those who stayed in New York City public schools and got diplomas, and when they showed up for work, they could not read or write very well—not well enough to work for Manufacturers Hanover—which really mean that the public schools had let these students down.

So it is a very complex issue we are talking about, but I think there is a lot of self-interest in this. I work for the shareholders of Time, Incorporated; I am there to protect their investment. I cannot protect their investment if I cannot find people to work within Time, Inc.

That is a long answer to a short question.

The **Chairman**. No, it is a good one, and I will just elaborate on it. When you go back, and you speak to those shareholders, and you say, "Look, this is where we are spending the money now," what do you say to that shareholder who then says, "Look, I want my dividend. And it is nice, what you would like to do, but it is here and now. I have got to educate my child, too. He is going to college. And I want my dividend, and I want it now."

Mr. **Munro**. Yes, there are what I would describe as short-sighted shareholders—it may be arrogant for a chief executive to say that, Senator Kennedy—but I think we have tried to educate our shareholders that their investment is going to go down the drain if we do not step up to our social responsibility.

And I am rather disturbed when I see a lot of America's corporations giving less money than they used to to the very things that we are here to talk about.

So I don't have any problem with that.

The **Chairman**. All right. I will come back—I know that you have a time restraint, and my colleagues are here. Unless you have to immediately go, Senator Simon——

Senator **Simon**. No. I will yield to Senator Durenberger.

Senator **Durenberger**. Mr. Chairman, thank you very much.

I have a statement that I would like to be made part of the record, and then just a very brief comment and a question that follows up on Mr. Munro's response.

As the chairman of a little organization called Americans for Generational Equity, I read the Carnegie Report on "Kids in Trouble in Big Cities" and education and so forth. I called Ernie Boyer, whom I had never met, and we sat down and talked about the significance of the intergenerational aspects of education. Out of that, we have launched about a year, a year and a half series of regional conferences, which will end up with a national conference here in Washington at the end of June, on education and international responsibility.

One of the interesting aspects of this is there are a whole lot of people out there who are experts on what is wrong with the system, but there are not a lot of people who are delineating the responsibilities, the sort of inter or intragenerational responsibilities that we need to undertake in our society.

We tend to bog down sometimes in defining public and private and looking at various aspects of this problem, and not spending a whole heck of a lot of time talking about some of the responsibility inherent in various elements of our society.

So I come from a community in which the business community is usually the first to understand the nature of the problems that are happening. But partnerships between the business sector and the education sector are sometimes hard to come by because the business community has a tendency to be busy about other things as well as education, and sometimes also has a tendency to lecture—in other words, we are successful at what we do; here are some thoughts on how you can be successful at what you do. And I am just wondering if those of you from the business community have some observations for your colleagues about how to be more successful in persuading the business community of this country in not just the CEO level, but all the way through the institution called employer/business, to be more involved in the long haul in changing the opportunities for educating the young.

Mr. **Munro**. I would say, after almost a decade of being involved in this subject, that it has got to filter down to the lower levels of the corporation to make this thing happen. And I do not think you were present when I read my remarks about what the corporation I work for is doing, but a lot of it involves voluntarism; community relations, which is becoming a larger and larger part, I think, of most of America's corporations, because we recognize that people like Munro, speaking from his podium, his "bully pulpit", if you will, is not going to win the battle here; it has got to come down into the local communities. And we are encouraging our employees to do that at every chance we can do it. It is part of their responsibility; it is part of why they work—we expect that of them. People who come to work for us, we expect them to take things like that on, to become involved in their school boards, and to do a lot of things that I have just talked about.

Senator **Durenberger**. What do you do—and I do not want to get too elaborate here—but one of the things, obviously, is a lot of attention to issues like parental leave; the role that the father and the mother as an employee of Time, Inc., plays in raising children and educating their children. I would guess that there is a whole lot that other businesses might learn from the example of an employer who encouraged its employee, him or her, to see their obligations as a parent equivalent with their responsibilities to the company.

Mr. **Munro**. Well, I think that is a rather sensitive issue. I mean, when you come to work for Time, Inc., I do not think you expect to be told how to raise your family or how to run your personal life.

Senator **Durenberger**. I am just talking about being given the opportunity.

Mr. **Munro**. Yes. Certainly, as I said, we do encourage that. We try and give people—if one of our employees wants to go and watch his son play little league baseball, we would certainly encourage that; I think almost across-the-board we would. Now, you are going to find some bosses in corporate America who are not going to encourage that, but I would hope we do not have many of those.

[The prepared statement of Senator Durenberger follows:]

Dave Durenberger

Statement by Senator Dave Durenberger
Early Education and the Future of the Skilled Workforce
Senate Labor and Human Resources Hearing
February 22, 1989

I AM PLEASED THAT WE HAVE THE OPPORTUNITY TO HEAR TESTIMONY ON AN ISSUE THAT I BELIEVE IS ONE OF THE MOST CRITICAL FACING OUR NATION TODAY: ENSURING OUR CHILDREN HAVE OPPORTUNITY AND ACCESS TO THE KNOWLEDGE AND SKILLS NECESSARY TO COMPETE IN A GROWING GLOBAL ECONOMY SO AS TO MAINTAIN A QUALITY OF LIFE STANDARD IN AMERICA THAT IS NO LESS EQUAL TO OUR OWN.

WE HAVE ALL HEARD LATELY ABOUT HOW OUR CHILDREN ARE FAILING IN EDUCATION, AND HOW THEY ARE LACKING THE TOOLS THEY NEED TO COMPETE IN TOMORROW'S WORKFORCE. IN 1988, 25% OF THE U.S. PUBLIC HIGH SCHOOL STUDENTS DROPPED OUT. IN 1987 AN ADDITIONAL 700,000 STUDENTS GRADUATED BUT HAD DEFICIENCIES IN BASIC SKILLS EQUAL TO THOSE WHO HAD DROPPED OUT. SAT SCORES ARE DOWN. POVERTY RATES AND DRUG ABUSE AMONG CHILDREN ARE UP. WE RANK AT THE BOTTOM OF THE INDUSTRIALIZED WORLD IN TERMS OF ACADEMIC ACHIEVEMENT. YET AT THE SAME TIME WE ARE PAYING MORE - AROUND $328 BILLION - THAN ANY OTHER NATION ON EARTH FOR EDUCATING OUR YOUNG PEOPLE. THESE ARE FRIGHTENING STATISTICS, AND CURRENT TRENDS DO NOT HOLD MUCH PROMISE FOR CHANGE IN THE FUTURE.

WE HAVE ALREADY HEARD TESTIMONY BEFORE THIS COMMITTEE THAT CHANGING DEMOGRAPHIC CONDITIONS WILL LEAD TO TIGHTER MARKET SUPPLY. NEW JOBS WILL BE ABUNDANT. HOWEVER, THE AVAILABLE JOBS WILL REQUIRE GREATER SKILL LEVELS AND, GIVEN CURRENT TRENDS, THE AMERICAN WORKFORCE WILL NOT BE QUALIFIED FOR THESE POSITIONS. THE LONG RANGE IMPLICATIONS ARE GREAT OF AN IMPERILED AND ILLITERATE GENERATION BOTH IN METROPOLITAN AND RURAL SCHOOLS WHERE ONE MILLION CHILDREN ARE DROPPING OUR OF SCHOOL EACH YEAR, WHERE BUSINESSES MUST SPEND $25 BILLION A YEAR TO TEACH NEWLY HIRED EMPLOYEES HOW TO READ AND WRITE AND COUNT, WHERE EIGHT OUT OF TEN OF THE 2 MILLION NEW WORKERS ENTERING THE WORKFORCE FROM NOW THROUGH THE YEAR 2000 ARE WOMEN, MINORITIES AND IMMIGRANTS WITH MOST SO POORLY EDUCATED THEY CAN ONLY PERFORM MENIAL JOBS AT LOW WAGES. OUR YOUNG PEOPLE - THIS NATION'S MOST PRECIOUS RESOURCE - ARE FINDING THEMSELVES ILL PREPARED TO ENTER PRODUCTIVE LIFE AND TO CARRY THE BURDEN OF SUPPORTING 77 MILLION INDIVIDUALS OF THE BABY BOOM GENERATION IN ITS OLD AGE.

IT IS DISGRACEFUL THAT IN A COUNTRY AS RICH AS OURS, CHILDREN ARE SO POORLY SERVED AND HAVE SO LITTLE HOPE FOR THE FUTURE. WE MUST REAFFIRM THIS NATION'S FOUNDING PRINCIPLE OF EQUITY OF OPPORTUNITY FOR ALL AMERICANS. TO BRING BACK THE VALUES AND UNDERSTANDING OF WHAT IT MEANS TO LIVE IN AMERICA AND THE APPRECIATION FOR THE POSSIBILITIES THAT ARE A PART OF LIVING IN THIS GREAT COUNTRY. UNFORTUNATELY WE ARE SEEING THAT MANY PEOPLE TODAY ARE SIMPLY UNPREPARED TO TAKE ADVANTAGE OF THESE OPPORTUNITIES. THEY ARE FALLING THROUGH THE CRACKS.

WE SIMPLY CANNOT AFFORD TO ALLOW ONE MORE CHILD SLIP THROUGH OUR HANDS. EDUCATION IS THE KEY TO OPPORTUNITY IN OUR SOCIETY. WE KNOW THAT QUALITY EDUCATION FOR OUR CHILDREN IS NOT AN EXPENSE, THAT IT IS AN INVESTMENT. THERE ARE MANY CHALLENGES BEFORE US IN THE AREA OF EDUCATIONAL REFORM. OVER THE PAST YEAR, I HAVE BEEN WORKING WITH DR. ERNEST BOYER OF THE CARNEGIE FOUNDATION FOR THE ADVANCEMENT OF TEACHING AND AMERICANS FOR GENERATIONAL EQUITY IN SPONSORING A NATIONAL EDUCATION FORUM CONSISTING OF NINE REGIONAL CONFERENCES LEADING TO AN "EDUCATIONAL SUMMIT MEETING" IN WASHINGTON ON JUNE 26TH-28TH. THE GOAL IS TO CARRY FORWARD EDUCATIONAL REFORMS AND PROJECTS SO THAT OUR NATION CAN ACHIEVE A QUALITY EDUCATION FOR EVERY CHILD BY THE YEAR 2000. THESE CONFERENCES, THE FIRST OF WHICH WAS HELD IN MINNESOTA IN NOVEMBER, WILL FOCUS ON THE NEED FOR NEW PARTNERSHIPS BETWEEN EDUCATOR, BUSINESS, SERVICE AGENCIES, PARENTS, THE YOUNG AND THE OLD. THE CONFERENCE WILL EXAMINE WHAT IS WORKING AT THE GRASS ROOTS LEVEL, AND WHAT STILL NEEDS TO BE DONE. FINAL RECOMMENDATIONS AND ACTIONS WILL BE DETERMINED AND REPORTED AT A JUNE CONFERENCE HERE IN WASHINGTON.

WHAT IS BEGINING TO EMERGE FROM THESE CONFERENCES IS AN UNDERSTANDING THAT EARLY INTERVENTION IS CRITICAL TO SUCCESSFUL EDUCATIONAL REFORM. SUCCESSFUL PROGRAMS STUDIED DURING THIS PROCESS HAVE HAD SEVERAL THINGS IN COMMON. FIRST, THEY HAVE INVOLVED A NEW PARTNERSHIP OF PARTIES INCLUDING EDUCATORS, BUSINESS, PARENTS, AND COMMUNITY GROUPS WHO HAVE A VESTED

INTEREST IN THE EDUCATION AND SOCIAL WELL-BEING OF THE CHILD. SECOND, EARLY INTERVENTION IS ABSOLUTELY CRITICAL TO LATER EDUCATIONAL SUCCESS. THE SUCCESSFUL PROGRAMS HAVE BEEN ABLE TO REACH THE CHILDREN AT A VERY EARLY AGE AND TARGET THESE CHILDREN FOR ACCELERATED EDUCATION PROGRAMS OR SPECIAL NEEDS SERVICES. THIRD, THE PROGRAMS THAT SUCCEED HAVE ALL HAD AN ELEMENT OF HANDS ON PRACTICABILITY IN WHICH PEOPLE WERE WILLING TO GET INVOLVED AND REALLY WORK WITH THE KIDS ON A ONE-ON-ONE BASIS.

ONE SUCH SUCCESSFUL PROGRAM HAS BEEN A COLLABORATIVE EFFORT BETWEEN HONEYWELL, INC., THE UNITED WAY OF MINNEAPOLIS, AND LOCAL SCHOOLS THROUGH THE SUCCESS-BY-SIX PROGRAM IN MY OWN STATE OF MINNESOTA. SUCCESS-BY-SIX BEGAN AS A COMMUNITY-WIDE EFFORT TO STUDY THE BARRIERS TO SUCCESSFUL EARLY CHILDHOOD DEVELOPMENT. PROGRAM DIRECTORS FOUND THAT ACCESS TO EARLY CHILDHOOD SERVICES WAS BLOCKED BY BUREAUCRATIC RED TAPE, SPORADIC AVAILABILITY OF SERVICES, AND A MULTITUDE OF CULTURAL BARRIERS. IN RESPONSE TO ITS FINDINGS, SUCCESS-BY-SIX BEGAN WORKING TO INCREASE PARTICIPATION IN, AND IMPROVE ACCESS TO, SERVICES FOR FAMILIES WITH SMALL CHILDREN.

UNFORTUNATELY, THERE ARE STILL MANY DISADVANTAGED CHILDREN WHO WOULD BENEFIT FROM SUCH PROGRAMS WHO ARE NOT YET BEING REACHED. IN A JOINT ECONOMIC COMMITTEE REPORT, REPRESENTATIVE JAMES SCHEUER STRESSED THE NEED TO EXPAND EARLY CHILDHOOD EDUCATION PROGRAMS STATING, "IT IS A NATIONAL DISGRACE THAT EARLY CHILDHOOD EDUCATION, PROVEN SO SUCCESSFUL IN ENHANCING

SCHOOL ACHIEVEMENT, IS NOT UNIVERSALLY AVAILABLE TO ALL CHILDREN." VARIOUS OTHER STUDIES HAVE SHOWN HOW EARLY CHILDHOOD DEVELOPMENT AND EDUCATION CAN IMPROVE SCHOOL READINESS, ENHANCE LATER SOCIAL AND ACADEMIC PERFORMANCE, AND REDUCE THE NEED FOR REMEDIAL EDUCATION DURING THE SCHOOL YEARS. THE TIME FOR ACTION IS NOW. THE PRICE WE WILL PAY IF WE DON'T GET INVOLVED NOW WILL BE GREAT.

WE KNOW THAT THE FEDERAL GOVERNMENT CANNOT SOLVE THIS PROBLEM ALONE. IT WILL TAKE THE COMBINED EFFORTS OF ALL LEVELS OF GOVERNMENT AS WELL AS DEDICATED TEACHERS, COMMUNITY AGENCIES, EDUCATIONAL INSTITUTIONS, AND PRIVATE SECTOR SUPPORT, AND I AM PLEASED TO SEE BEFORE US SO MANY DISTINGUISHED REPRESENTATIVES FROM THE PRIVATE SECTOR. I HAVE FOLLOWED CLOSELY AND APPRECIATE THE WORK TIME-INC. HAS DONE THROUGH ITS OWN FORTUNE MAGAZINE EDUCATION CONFERENCE HERE IN WASHINGTON LAST SEPTEMBER. IF WE ARE TO MEET THE CHALLENGES OF TOMORROW, WE WILL NEED TO BRING TOGETHER THE ERNEST EFFORTS OF BOTH THE PRIVATE AND THE PUBLIC SECTORS AMD COMMIT OURSELVES TO WORKING TOGETHER TO ACHIEVE THE GOAL OF A BETTER EDUCATED, MORE PRODUCTIVE WORKFORCE. I LOOK FORWARD TO HEARING YOUR TESTIMONY ON HOW TO SOLVE THIS GRAVE NATIONAL PROBLEM.

The **Chairman**. We have the chairman of the Education Subcommittee, Senator Pell, who has been such a leader in all phases of education policy in the Senate and in our country.

Senator Pell.

Senator **Pell**. Thank you very much indeed, Mr. Chairman, and I apologize for being late. I understand Mr. Munro has to leave.

I just wanted to listen to this very distinguished panel of witnesses. My one concern is that we have successful programs now which are underfunded, like Head Start or Chapter I. New legislative initiatives are a good idea, but we want to make sure we do not hurt the present programs. So I would be very interested in your thinking in this regard.

Also, I would like to reiterate the wishes for a happy birthday to my colleague. They become increasingly depressing as the years go by; I wish him well, anyway.

The **Chairman**. Thank you for that hopeful wish.

[The prepared statement of Senator Pell follows:]

STATEMENT OF SENATOR CLAIBORNE PELL (D,RI) AT THE HEARING ON EARLY CHILDHOOD EDUCATION FEBRUARY 22, 1989

Mr. Chairman, I want to welcome the witnesses here this morning who have come to offer their counsel on how best to address the need to increase our commitment to early childhood education.

As you know, I am a strong proponent of early childhood education. But I do have a considerable degree of concern that in looking at new initiatives in this area we protect the two programs that serve this age group - Head Start and Chapter 1. It is important to note that both of these highly successful programs provide targeted assistance for the very neediest children. Protection for special needs populations has been the hallmark of the federal role in education. It is therefore to my mind critical that we meet the goal of ensuring that all children who are eligible for the Head Start program and the Chapter 1 program receive services before we create programs of general educational assistance for this age group.

I am hopeful that our distinguished panel of witnesses might address this concern and I look forward to hearing their comments.

The **Chairman**. Senator Simon?

Senator **Simon**. Thank you, and thank you, Mr. Munro.

Just a comment or two. First, you mentioned protecting the investment of your stockholders. You are not going to protect your investment if you do not produce people who can read Time Magazine and Fortune.

Mr. **Munro**. That is the vested interest part.

Senator **Simon**. Absolutely. But I know that you are here for more than that, and I appreciate it.

My colleague, David Durenberger, talked about the "long haul", and that is really what we are talking about here. One of the problems in the business sector, one of the problems in the Government sector, is that we are working on too many short-range programs, and we had better take a look at that long haul.

You mentioned dropout rates—2 percent in Japan, 28 percent in the United States. The State of Louisiana has a dropout rate of 46 percent.

Can we do better? Of course we can do better. What we have to do—and it is not simply the dropout rate—when we reach these young people early, we will dramatically change the teenage pregnancy rate and also the crime rate.

I had a hearing last week on assault weapons, and frankly, we have to do something about it—despite my friends in the National Rifle Association who resist any change. But the one part of the National Rifle Association where they are right is they say, "It is not the weapons; it is the people." Well, it is the weapons, but it is also the people, and we have to work on both sides.

Finally, in your statement you say, "Now is the time to begin, and S. 123 is the place to start." When people criticize something like this as being part of a big spending thing, we are talking about $500 million. One percent of the Federal budget is $11.6 billion. This means one-twenty-second of one percent of the budget for a problem that is really massive.

If there is any criticism, it ought to be that we are not really taking this problem seriously enough. We are kind of dancing at the edges of the problem instead of assaulting it as we ought to be assaulting it.

But I appreciate your being here, Mr. Munro, and I am pleased to say, as Irving Harris knows, there is increasing interest in the Chicago corporate community, and I think this is true around the Nation. We need your stimulus to get us to do what this Nation has to do.

Thank you very much.

Thank you, Mr. Chairman.

The **Chairman**. Thank you very much.

We will be calling on you as we move on through in the legislative process, Mr. Munro. Thank you.

Mr. **Munro**. Thank you, Mr. Chairman.

The **Chairman**. A number of our colleagues are here, and we never know how long we can hold them here. I know they are all interested.

Mr. Harris?

Mr. **Harris**. Mr. Chairman, can I make a brief comment?

The **Chairman**. Surely.

Mr. **Harris**. Senator Simon mentioned $500 million as a price tag of this bill. We did a study in the State of Illinois three years ago, done by the Executive Service Corps, on how much it costs citizens of Illinois annually by reason of the fact that we have some 23,000 babies born to teenagers every year. This is part of the problem. Eight hundred fifty-three million a year in Illinois alone, and that counts only the first five years of the child's life.

So we are talking about very, very big, big costs. We spend in the State of Illinois $3.5 billion a year on welfare. We spend another $6 billion on education—which does not work very well. We spend some $300 million on correction. We spend some $666 million on children who are developmentally delayed and mentally ill.

There are an awful lot of costs that can be prevented if we would really get on with this task.

The **Chairman**. Very good.

We welcome as well Senator Harkin.

We look forward, while you are here, to hearing from all of you. We want to try and keep this moving along, and if there is a particular question of any of our colleagues, we hope they will ask it. But let's hear from our panelists, and then we will go to the questions.

I think our membership knows very well the group that we have here. So we will now hear from Robert Mercer, Chairman of the Board of Goodyear Tire and Rubber Company, and a member of the Committee for Economic Development. He has been very much involved in this program.

Mr. Mercer.

Mr. **Mercer**. Thank you, Senator, for the opportunity to speak on what is certainly one of the single most important issues on our national agenda.

Now, there has been a lot of talk about "the deficit" over the past several months. It seems the deficits of budget and trade are making headlines almost daily.

But there is another kind of deficit that we in industry are becoming increasingly concerned about—one that may be seriously affecting our ability to compete in the global marketplace. I am speaking of a critical shortage of scientific and engineering talent in the not too distant future—call it an "education deficit", if you will.

And for our industry, the timing could not be worse. We are facing a tough battle, on our own soil, against foreign competitors bent on taking away our markets and our jobs.

Now, you do not have to read lips to understand that our ability to compete is directly dependent on the education and training of our people. And this company—and this country—cannot maintain its leadership position with a work force whose education limits them to mopping floors or washing windows.

That is why I believe legislation like the "Smart Start" bill will be a vital investment in the future of our country and our ability to compete around the world. So the solution may be as simple as "1-2-3", and that is S. 123.

All the evidence is there. A well-rounded, well-funded preschool program develops early learning skills and provides the youngster with an incentive to take those skills through the twelfth grade—

and, we hope, on to college to become the engineers and scientists of tomorrow.

There is only one problem with all of this, and that is that we are running out of time. The demand for skilled technical professionals will grow 40 percent over the next decade. Yet the National Science Foundation predicts a deficit of some 400,000 scientists and engineers by the year 2000.

Now, this is a very sobering thought, further complicated by the fact that the high school graduating class of that year 2000 entered school last fall.

Let's complicate the picture a bit further with some demographics. By the year 2020, blacks, Mexican Americans, Puerto Ricans and American Indians will make up a third of the U.S. population. This tells me that we need a little more 20-20 foresight as our minorities assume an increasingly stronger role in our work force.

So I am encouraged to see that your bill emphasizes at-risk children, those caught in the cycle of poverty and who are, in the main, made of up minorities. Unless their education advances proportionately, their influence will not be accompanied by leadership abilities essential to this country's future.

This is one of the primary concerns of the National Action Council for Minorities in Engineering, which you will be hearing more from in the coming months. Although I have been talking a lot about engineers and scientists, we cannot ignore the demand for educated, trainable people at other levels in the work force.

For example, in our tire plants, you cannot have an employee who cannot read or write running a million-dollar tire machine. We require sharp-minded people on the factory floor to produce a quality product at a cost that will enable us to compete with the Japanese, the Koreans, the French, English or the Italians.

Go into our Lawton, Oklahoma radial tire plant and ask a tire builder about his machine, and you will get a discourse on the elements of statistical process control. Now, this is a so-called blue-collar worker talking in analytical math.

We could not teach them statistical process control if they did not have the basics in math and English. Today's tire manufacturing is a highly sophisticated computer-controlled process. We are no longer running a Charlie Chaplin assembly-line process that looks like a scene out of "Modern Times".

The same sophistication holds true for our under-car service programs. The days of the mud-gutter grease mechanic are gone. Today's mechanics are computers to take the vital signs of every type of automobile on the road today.

Now I would like to describe briefly what we have been doing about the education deficit in our home State of Ohio and how that meshes with your Smart Start bill.

Last year, I had the privilege of serving on Governor Richard Celeste's Ohio Education 2000 Commission, along with appointees from the Ohio House and Senate, teachers and business and community leaders. It was chaired by Brad Butler, Chairman of the Committee for Economic Development, who gave some very good testimony before your committee last year.

Our challenge was to develop an overall plan to move the Ohio school system from one that is perceived as average to a system that would be regarded as the best in the Nation, if not the world—a school system, if you will, for the 21st century. I have provided the committee with a copy of our final report to the Governor.

In our report, we made several recommendations, one of which stated: "We must ensure that all students reaching the age for entry into first grade have been properly prepared to take advantage of the educational experience." We all agreed, K through 12 is not enough.

The Commission selected three areas that we felt needed special emphasis: Assist Ohio's parents in preparing them for their role as their children's first teachers; better prepare disadvantaged and other at-risk children to enter school, and reduce the incidence of teen pregnancy and its negative consequences for both mother and baby.

Ohio has been grappling with the problem of educating its disadvantaged young for some time. It has a number of programs in place, many supplemented by Federal funds—but they are not enough to handle so complex a problem.

Many people mistakenly believe that Federally-funded programs like Head Start meet the need for preschool education. The fact is that while Head Start has made a valuable contribution in Ohio and nationwide, it is only one model. And because it is underfunded, Head Start reaches only about 26 percent of the eligible children in Ohio.

I believe the Smart Start bill can give Ohio the help it needs to achieve its goal of national leadership in education, and that is the kind of 20-20 foresight that we need.

Aristotle, everybody's favorite Greek philosopher, had that kind of vision. He said: "The fate of empires depends on the education of youth."

Now, who are we to argue with Aristotle?

If you accept, as I do, that engineers are the core architects of world class nations, then you share my concern over the projected education deficit. And unfortunately, we do not have much time.

The 21st century is less than 12 years away; and if we do not make the necessary changes in our educational system, our schools may one day be teaching reading, writing, 'rithmetic, and conversion rates for the yen.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Mercer.

[The prepared statement of Mr. Mercer follows:]

Testimony of Robert E. Mercer

Chairman of the Goodyear Tire & Rubber Company and
Chairman of the National Action Council for Minorities
in Engineering, Inc.

"Early Education and the Future of the Skilled
Workforce"

Committee On Labor and Human Resources
United States Senate
February 22, 1989

Thank you, Senator for the opportunity to speak on what is certainly one of the single most important issues on our national agenda.

There has been a lot of talk about "the deficit" over the past several months. It seems the deficits of budget and trade are making headlines almost daily.

But there is another kind of deficit that we in industry are becoming increasingly concerned about...one that may seriously affect our ability to compete in the global marketplace.

I'm speaking of a critical shortage of scientific and engineering talent in the not too distant future ...call it an "education deficit" if you will.

And for our industry, the timing couldn't be worse. We're facing a tough battle, on our own soil, against foreign competitors bent on taking away our markets.

You don't have to read lips to understand that our ability to compete is directly dependent on the education and training of our people...

And this company...this country cannot maintain its leadership position with a workforce whose education limits them to mopping floors or washing windows.

That's why I believe legislation like the "Smart Start" Bill will be a vital investment in the future of our country and our ability to compete around the world.

All the evidence is there. A well-rounded, well-funded pre-school program, develops early learning skills and provides the youngster with an incentive to take those skills through the 12th grade...

And, we hope, on to college to become the engineers and scientists of tomorrow.

There's only one problem with all this: We're running out of time.

The demand for skilled technical professionals will grow 40 percent over the next decade. Yet the National Science Foundation predicts a deficit of some 400,000 scientists and engineers by the year 2000.

This is a sobering thought, further complicated by the fact that the high school graduating class of the year 2000 entered school last fall.

Let's complicate the picture a bit further with some demographics.

By the year 2020, Blacks, Mexican Americans, Puerto Ricans and American Indians will make up a third of the U.S. population.

This tells me, we need a little more 2020 foresight, as our minorities assume an increasingly stronger role in our work force.

So, I'm encouraged to see that your bill emphasizes "at risk" children -- those caught in the cycle of poverty -- and who are in the main, made up of minorities.

Unless their education advances proportionately, their influence will not be accompanied by leadership abilities essential to our future.

This is one of the primary concerns of the National Action Council for Minorities in Engineering (or NACME), which you'll be hearing more from in the coming months.

Though I've been talking a lot about engineers and scientists, we can't ignore the demand for educated, trainable people at other levels in the workforce.

For example, in our tire plants...you can't have a guy who can't read or write running a million-dollar tire machine.

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A school system for the 21st century.

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In our report, we made several recommendations. One of which stated:

We must insure that all students reaching the age for entry into first grade have been properly prepared to take advantage of the educational experience.

We all agreed, K through 12 is not enough.

The commission selected three areas that we felt needed special emphasis:

-- Assist Ohio's parents in preparing them for their role as the children's first teachers.

-- Better prepare disadvantaged and other "at risk" children to enter school.

-- And reduce the incidence of teen pregnancy and its negative consequences for mother and baby.

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It has a number of programs in place, many supplemented by federal funds, but they aren't enough to handle so complex a problem.

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Thank you.

(Editor's Note. In the interest of economy, a report entitled "A Game Plan for National Championship for Ohio's Schools", which accompanied Mr. Mercer's prepared statement, was retained in the files of the committee.)

The CHAIRMAN. We are happy now to hear from Mr. Arnold Hiatt, who is the Chief Executive Officer at Stride Rite, one of the most successful corporations in Massachusetts; they developed a day care program in Roxbury in 1971, and also in Cambridge, and have a significant educational component in those daycare programs, which half of their slots provide for the children of employees and half for the community.

Mr. Hiatt, we welcome you.

Mr. HIATT. Thank you, Mr. Chairman and Members of the committee. And may the Dalai Lama and George Washington be the wind at the back of your chairman.

The CHAIRMAN. Thank you. Now, bring the mike over a little closer. You must have kissed the Blarney Stone yourself. [Laughter.]

Mr. HIATT. The wrong church.

We started that first child care center in 1971 largely because of the Federally-funded training programs that we had going, which were not working. We had a very high attrition level in those training programs that was matched by a very low level of attention span in most of these young people, who grew up disadvantaged in the blighted neighborhoods of Roxbury.

So it seemed more sensible and perhaps more cost-effective to at least try to intervene earlier in the development cycle, and this led to the opening of this children's center, which was for community children, and then later on became available to workers' children.

While we did not initiate this program to reduce turnover or absenteeism, the children's centers have in fact enhanced the stability of our work force. Recruiting and retaining high caliber employees, especially in a scarce labor pool—you have heard of the "Massachusetts miracle"—it has reduced the cost of hiring and retraining a replacement to get that worker up to the level of productivity. And we estimate we save about $25,000 for every employee we can retain.

Absenteeism has been reduced, and we estimate that works out to about five days a year, as a result of having on-site child care. And morale has been improved because of initiatives like child care.

Stride Rite was voted one of the 10 best companies in the United States by the distinguished publisher, recently departed, of Money Magazine. So it has enhanced the image of the company in many ways.

It is clear that child care makes economic sense not just in terms of morale and turnover and productivity, but to Stride Rite as a taxpayer. At any given time, there have been at least 18 or 20 families that were able to move off of welfare and into the work force because of our onsite care.

It has helped these community participants to grow from welfare dependency to the dignity of being wage earners as well as taxpayers.

In 1988, families who used the children's centers at Stride Rite generated approximately $1.5 million in wages and paid over $200,000 in taxes by allowing parents to return to or remain in the work force. And of course, it has eliminated payments for those families who had been on welfare.

It is clear that industry serves its own interests directly by investing in the sound development of the next generation. Children at risk need now—not later—as those early failed training programs taught me, a secure, stable and stimulating environment with trained, sensitive teachers who are able to address their emotional, intellectual and physical needs.

We must prevent the heavy casualties taking place in early childhood—clearly, the most crucial period of development in the entire life span.

Corporate taxes, our taxes, are squandered in too many training programs that do not train and too many rehabilitation programs that do not work. And enough studies have shown—such as the one that Senator Kennedy mentioned, the Perry Preschool Project study—that for at-risk children, high-quality early education increases employability, reduces welfare dependency, and helps prevent criminal activity.

It is clear that we spend far too much money on correction rather than on prevention. It is estimated that for every dollar invested in early childhood educational programs, there is a return of close to $5. Our younger workers and managers at Stride Rite were three and four years old when our first child care center opened. They were more fortunate in their earlier childhood than many of their peers, who are now unemployed, or have become teenage mothers, or worse, in detention centers.

The cost of providing good child care in our Cambridge or Roxbury facilities is $7,000 per year per employee. The cost of maintaining a troubled adolescent in a youth detention center or a group residential home is close to $50,000 a year.

We must now consider the current and future needs of employers and employees. The work force is aging as the pool of young entrants into the work force shrinks. And over the next 10 years, the new entrants will be two-thirds female, and 80 percent of them at one time or another will have children. Forty-five percent of the current work force has dependent children.

In Massachusetts, a recent study showed that 50 percent of unemployed mothers would return to work if affordable, high-quality child care were available. If 10,000 of them returned, AFDC payments would be reduced by $57 million a year.

So what kind of a society will we have in the year 2000 if we do nothing to help those children who constitute 40 percent of the poor who are now living below the poverty level?

While quality early education is a right to which every preschool child is entitled, its benefits to business and society are clear. We can no more challenge the rights or needs of a three or four year-old than those of a six- or eight-year-old who is entitled to an elementary school education and more.

Investing in our children is not mere rhetoric—it is sound business practice—even though many of our colleagues have yet to make that discovery.

Smart Start is a major step forward in addressing not only the present needs of our preschool children, but also the future needs of industry, so that we can maintain a competitive economy in the world marketplace.

Thank you.

The **Chairman**. Thank you very much.

Dr. Matina Horner, President of Radcliffe College, has a Ph.D. in Psychology. Dr. Horner will discuss work and family issues from her perspective as the head of a major institution, as both an educator and an employer.

Dr. **Horner**. Thank you, Mr. Chairman, and again, happy birthday.

Mr. Mercer, I hope in the process of my testimony, I will not lend credence to one of Aristotle's less-enlightened commitments—the belief that women never suffered from baldness because they never used the contents of their heads. That is the one area he did not learn well from Plato.

Mr. **Mercer**. Aristotle never batted 1,000. [Laughter.]

Dr. **Horner**. I have spent the substantial portion of my academic life studying and teaching human development, assessing human motivation, and exploring the determinants of achievement-related motivation as a function of gender, class, racial and ethnic differences in our society.

Even more directly linked to the work goals and responsibilities of this committee, I have dedicated a substantial portion of my 17 years as a college president to serving on countless numbers of commissions, committees, boards and coalitions, each with a specific mandate to either produce, write, review, analyze, or fund a study or a report, to draw attention to the emerging, now fully-emerged, crisis in the quality of America's educational system and to the critical and rapidly deteriorating condition of our Nation's human resources.

It is fair to say that even with its myriad problems, America's higher educational system remains sound and second-to-none. Unfortunately, however, the data is overwhelming that our preschool human development and K through 12 educational pipeline is in serious disrepair and has developed many major leaks and cracks.

The cost in wasted human potential for this country is overwhelming, and the quality of the pool from which we will have to choose—the college students of tomorrow—and from which the business world will choose its work force, is alarmingly inadequate and ill-prepared for the challenges of today's academic institutions and tomorrow's workplace.

We have been told repeatedly about the growing illiteracy rates among our high school graduates, only 5 percent of whom are ready to read college-level texts, and warned of the consequences of the incredible dropout and functional illiteracy rates among our people, especially our young black and Hispanic citizens.

Ever since it was first noted that "Johnny can't read", we have had an impressive array of reports documenting the scope and complexity of the problem, describing the deteriorating condition of our Nation's human resources, debating the root causes—whether poverty, drugs, working mothers, television, poorly-prepared teachers, homelessness, or teenage pregnancy were most to blame—defining the implications of the emerging trends and demographic directions on the future, and delineating the dire consequences for our Nation if we continue to disavow and disown the problem.

To date, urgent calls for action have caught our attention but not our commitment. Most gathered here have studied the splendid reports produced by special committees, documenting the problems and suggesting both short- and long-term actions. We have all read about declining SAT scores, A Nation At Risk, "Making the Grade"; "One-Third of a Nation"; "Saving a Generation, Losing a Generation"; "Investing in our Children"; "Children in Need" and Forum Magazine's Summit on Education.

And we have all admired the leadership of Brad Butler, the Chairman of CED and Marion Wright Edelman, Director of the Children's Defense Fund. And we have rejoiced at the surprising consensus of voice coming from such places as the NEA, the Council on Competitiveness, Albert Shanker, the 20th Century Fund task forces, and the Business Higher Education Forum, one of the earliest of a new kind of partnership between education and business, that share a mission and a focus on early education.

It is truly out-of-character for an academic to argue that we do not need more studies or data, or to fail to document each statement with a table of results. But I am here to say we do not need any more data to substantiate or acknowledge the fact that our Nation's human capital is in serious trouble and poses a genuine and imminent threat to the economic and social well-being of this Nation.

The data exists, and I would be glad to provide it at a later time. It is time to move beyond documenting the deficiencies and debating the merits of the data. We already know the problem exists, and we even know what some of the programs are that work—WIC, Head Start, the Perry Preschool.

It is time to move beyond our not so benign neglect and shocking disregard of the welfare of our future citizens and to address, directly and effectively, the needs of millions of American children who have been deprived of such basic needs as shelter and freedom from fear, and who have been left without even the most basic tools for learning, the rudiments of education; who sit each day on the edge of hunger, totally unprepared and ill-equipped for learning, for work, or for living in a free society.

A visit to Boston's Tobin School will make quite clear the nature of the problems with which we must contend in most of our inner cities, and dispel any lingering doubts about the need to intervene much earlier in the process.

The rate at which we are "disarming"—and I use the word advisedly—the social and intellectual potential of our human capital is overwhelming, and by the turn of the century may well be out of control and beyond any of our means for any kind of constructive engagement.

How could this have happened? How can America compete and prosper in the global arena when more than one-fifth of our children live in poverty and more than one-third are growing up in ignorance?

If we as a Nation continue to squander the talents of millions of our children, American will become a Nation of limited human potential, doomed to economic stagnation, with little if any possibility for increasing our productivity or sustaining, let alone improving, the quality of American life.

We have been very slow to recognize the education system is and has to be considered and treated as a continuous pipeline, one that extends from the earliest years of childhood—and I would argue, beginning with adequate nutrition and prenatal care for the mothers—through every stage of schooling.

Too often our educational reform efforts have focused too narrowly on one section of the pipeline, mostly elementary and secondary, where reform is, to be sure, critically needed, but though necessary, it is not enough if we are to really improve the capacity and preparation for learning of our most needy, socially and educationally deprived young people, the CED report's recommendations highlighted this fact by stressing the need for prenatal and postnatal care, parenting education, quality child care arrangements for poor working parents that stress social development and school readiness, and quality preschool programs for all disadvantaged three and four year-olds, Smart Start being a wonderful example.

When businessmen and college presidents agree that these are the priority issue for the Nation's educational agenda, it is time to take note. It took a long time for those two groups to come together and come to that kind of consensus.

Our initial response to the failures of the K through 12 system to generate the literacy returns needed by our citizens and by the society as a whole was understandably to tighten up, to impose more rigor and discipline, more academic courses, more and tougher requirements, more homework and testing in the classrooms—more of the same.

This was followed by calls for innovation in restructuring the school system, creating magnet schools, and increasing choice and competition between schools in some districts.

All of these have their place, and have and will, in some areas, make a positive difference. But for the rapidly growing disadvantaged and non-college-bound children in our society, the 13 million who are today members of an underclass for whom poverty and despair are life's daily companions and school readiness is at best elusive, this is not an effective approach.

Early and sustained intervention in the lives of these children, using an integrated approach that addresses the needs of the whole person at risk, both in school and out, is our only hope. That is some of the promise I see in S. 123.

In the poverty- and violence-ridden communities of our society where drug addiction and drug dealing are a way of life and primary means and source of livelihood and/or economic support, where fear and physical or mental abuse, rather than milk, bread and fruit, are the dependable parts of one's daily diet, the nature of the educational challenge is a considerable more complex and very different one.

Our capacity and our will to understand the nature and magnitude of the problem and the long-term consequence of the challenge, to own it, to intervene early enough, to commit the enormous effort and resources required over a long enough time, and to coordinate the efforts of the many related services needed will determine our fate.

At a time of limited resources and strained budgets, we all know we must be more prudent than ever about how we choose to spend our dollars and in what to invest. That the business and higher education communities speak in one voice on the importance of viewing education and early intervention and prevention as investments whose return we cannot afford to do without is not to be dismissed lightly.

We know that the cost of dealing with the consequences, the burdens on the health care, welfare, criminal and judicial systems in the future, if we fail to make this investment today, will truly overwhelm us and not in the too distant future.

As Abraham Lincoln said, "The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise to the occasion. As our case is new, so must we think anew and act anew."

Our case is indeed new. Demographic, social and economic realities have made it so. "There is not a human relation, whether parent and child, teacher and student, politician and citizen, husband and wife, worker and employer, that does not move in a strange situation," said Walt Whitman. We have changed our environment more quickly than we know how to change ourselves.

But time is running out, and change we must. Not only must we think and act anew, but we must do so now, acknowledging the urgency and interrelatedness of the problems we face. If we do not, the bridge to tomorrow, across the now great and rapidly growing divide, between the haves and have-nots of our society, will soon, I fear, be unbuildable, and the gap unbridgeable.

As the head of a 501(c)(3) organization, I am of course not free to serve as an advocate for any one legislative proposal over another, especially one that I have not had the time and opportunity to study in great detail. I was nonetheless pleased to accept your invitation of last week to testify before this Committee, and I applaud the initiative and promise represented in S. 123.

Smart Start is a commendable response that acknowledges the critical need for early and sustained intervention and the cost-effectiveness of comprehensive, well-integrated approaches to school preparation that include essential social service elements. It will be a valuable adjunct, in my opinion, to programs we know make a difference to the educational pipeline, like Head Start and WIC.

As long as the rest of the pipeline is also being attended and kept in good working order, and we continue to encourage community and parent involvement at the State and local levels, as S. 123 does, there is reason to hope that the battle can be won.

Thank you.

[The prepared statement of Dr. Horner follows:]

Testimony Before the Committee
on
Labor and Human Resources
United States Senate

February 22, 1989

Matina S. Horner

President, Radcliffe College

Mr. Chairman,

My name is Matina Horner and I am President of Radcliffe College and an Associate Professor of Psychology at Harvard University. I have spent a substantial portion of my academic life studying and teaching human development and motivation--exploring the determinants of the development of achievement-related motivation in our society as a function of gender, class, racial, and ethnic differences. Even more closely linked to the work, goals, and responsibilities of this committee is the substantial portion of time during my 17-year tenure at Radcliffe that I have spent serving on a number of related commissions, committees, boards, and coalitions. Each has had a specific mandate to either produce, write, review, analyze or fund a study or a report which would draw attention to the emerging (now fully emerged) crisis in the quality of America's educational system and to the critical (and rapidly deteriorating) condition of our nation's human resources.

It is fair to conclude from all these reviews that, even with its myriad problems, America's higher educational system is sound and remains second to none. Unfortunately, however, the same can not be said of the earlier years. The data is overwhelming that our preschool human development and K-12 educational pipeline is in serious disrepair and has developed many major leaks and cracks. The cost in wasted human potential for this country is overwhelming; and the quality of the pool from which we will have to choose the college students of tomorrow and from which the business world will choose its workforce in the future is alarmingly inadequate and ill-prepared for the challenges of today's academic institutions and tomorrow's workplace. We have been told repeatedly about the growing illiteracy rates among our high school graduates -- only 5% of whom are ready to read college level texts -- and have been warned of the consequences of the incredible dropout and functional illiteracy rates among our people, especially our young black and hispanic citizens.

Ever since it was first noted that "Johnny Can't Read", we have had an impressive array of reports

1) documenting the scope and complexity of the problem
2) describing the deteriorating condition of our nation's human resources
3) debating the root causes (i.e., whether poverty, drugs, working mothers, television, poorly prepared teachers, homelessness or teenage pregnancy were most to blame)
4) defining the implications of emerging trends and demographic directions on the future of America
5) delineating the dire consequences for our nation if we continue to disavow and disown the problems that exist.

To date urgept calls for action have caught our attention but not our commitment. Most gathered here have studied the splendid reports produced by special committees documenting the problems and suggesting both short and long term corrective actions. We have all read the reports about:

Declining SAT scores
A Nation at Risk
Making the Grade
One Third of a Nation
Saving a Generation
Losing a Generation
Investing in Our Children
Children in Need and
Fortune Magazine's Summit on Education

And, we have all admired the leadership of

Brad Butler, chairman of CED and
Marian Wright Edelman, Director of The Children's Defense Fund

and rejoiced at the surprising consensus, the unanimity of voice coming from such diverse groups and individuals as

The NEA
The Council on Competitiveness
Albert Shanker
The 20th Century Fund
The Business-Higher Education Forum -- one of the earliest of a new kind of partnership among those with a shared mission and focus on improving early education.

The recent collaborative efforts of the Secretaries of Labor, Education and Commerce to highlight the need for an integrative approach to developing a quality workforce for America are noteworthy.

It is truly out of character for an academic to argue that we don't need more studies or data or to fail to document each statement with a table of results. But, I am here to say that we don't need any more data to substantiate or acknowledge the fact that our nation's human capital is in serious trouble and poses a genuine and imminent threat to the economic and social well-being of this nation. (The data exist and I'd be glad to provide them after my testimony.) It is now time, past time, to move beyond documenting the deficiencies and debating the merits of the data. We already know the nature and scope of the problem and even know what kind of programs work and make a difference: WIC, Head Start, the Perry School program. It is time to move beyond our NOT-SO-BENIGN neglect and shocking disregard of the welfare of our future citizens and to address directly and effectively the needs of millions of American children who have been deprived of such basic needs as shelter and freedom from fear, and who have been left without even the most basic tools for learning the rudiments of education, who sit each day on the edge of hunger or starvation, totally unprepared and ill-equipped for learning, for work, or for life in a free society. Ten years ago, sociologist Jessie Bernard startled the scholars who had gathered at a conference to celebrate Radcliffe's Centennial and to anticipate the future challenges associated with the changing role of women by posing the question, "Does America Really Care About its Children?" and "What is the evidence?" The verdict, a decade later, is a disheartening one.

A visit to Boston's Tobin School will make quite clear the nature and seriousness of the problems with which we must now contend in most of our inner cities and dispel any lingering doubts about the need to intervene much earlier in the educational pipeline. The rate at which we are DISARMING the social and intellectual potential of our human capital is overwhelming, and by the turn of the century, the problem may well have grown out of control and be beyond our means for any kind of constructive engagement.

How could this have happened in America?

How will America compete and prosper in the global arena when more than one-fifth of our children live in poverty and more than a third are growing up in ignorance? If we as a nation continue to squander the talents of millions of our children, "America will become a nation of limited human potential" (CED) doomed to economic stagnation with little, if any, possibility for increasing our productivity or sustaining -- let alone, improving -- the quality of American life.

We have been very slow to recognize that the educational system _is_ and has to be considered and treated as a continuous "pipeline" -- one that extends from the earliest years of childhood (beginning with adequate nutrition and prenatal care for the mother) through every stage of schooling. Too often our educational reform efforts have focused too narrowly on one section of the pipeline (mostly elementary and secondary -- where reform is, to be sure, critically needed -- but, though necessary, it is not enough) if we really intend to improve the capacity and preparation for learning of our most needy, socially and educationally deprived young people. The CED report's recommendations highlighted this fact by stressing the need for:

> "Prenatal and postnatal care for pregnant teens and other high-risk mothers and follow-up health care and developmental screening for their infants.
>
> Parenting education for both mothers and fathers, family health care and nutritional guidance.
>
> Quality child-care arrangements for poor working parents that stress social development and school readiness.
>
> Quality preschool programs for all disadvantaged three- and four-year olds."

When business men and college presidents on a number of commissions have agreed that these are the priority issues for the nation's immediate and long-term educational agenda, it is time to take note and to take action!

Our initial response to the failures of the K-12 system to generate the literacy returns needed by our citizens and by the society as a whole was understandably to tighten up: to impose more rigor and discipline, more academic courses, more and tougher requirements, more homework and testing in the classroom, more of the same. This was followed by calls for innovation in restructuring the school system, creating magnet schools and increasing choice and competition between schools in some districts. All of these have their place and have and will, in some areas, make a positive difference. BUT, for the rapidly growing disadvantaged and non-college bound children in our society -- the 13 million who are today members of an underclass for whom poverty and despair are "life's daily companions" and school readiness is, at best, elusive -- this is not an effective approach. Early and sustained intervention in the lives of these children, using an integrated approach that addresses the needs of the whole person at risk, both in school and out, is our only hope.

The CED report concluded, "Effective solutions to the problems of educationally disadvantaged children must include a fundamental restructuring of the school system. But they must also reach beyond the traditional boundaries of schooling to improve the environment of the child. An early and sustained intervention in the lives of disadvantaged children, both in school and out, is our only hope for breaking the cycle of disaffection and despair."

In the poverty and violence ridden communities of our society -- where drug addiction and drug dealing are a way of life and a primary means and source of livelihood and/or economic support (and not just a misguided weekend pastime), where fear and physical or mental abuse rather than milk, bread, and fruit are the dependable parts of a child's daily diet, the nature of the educational challenge is a considerably more complex and very different one.

Our capacity, our wit, and our will (1) to understand the nature and magnitude of the problem and the long-term consequences of the challenge, (2) to own it and to intervene early enough, (3) to commit the enormous effort and invest the resources required and (4) to coordinate the efforts of the many related services needed will determine our fate. At a time of limited resources and strained budgets, we know we must be more prudent than ever about how we choose to spend and in what we choose to invest .

That the business and higher education communities speak in one voice on the importance of viewing education and early intervention and prevention as INVESTMENTS whose return we can not afford to do without is not to be dismissed lightly. We know that if we fail to make this investment today, the cost of dealing with the consequences (the burdens on our already overburdened health care, welfare, criminal, and judicial systems) will truly overwhelm us in the very near future. And may well take us beyond our means. (See the enclosed table on Successful Preventive Investments in Children.)

Abraham Lincoln once before pointed out that,

> "The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so must we think anew and act anew."

Our case is indeed new -- demographic, social, and economic realities have made it so. If I may paraphrase Walter Lippmann slightly,

> "There isn't a human relation, whether of parent and child, (teacher and student, politician and citizen,) husband and wife, worker and employer, that doesn't move in a strange situation...We have changed our environment more quickly than we know how to change ourselves."

BUT TIME IS RUNNING OUT AND CHANGE WE MUST.

Not only must we think and act anew but we must do so now! --- acknowledging the urgency and interrelatedness of the problems we face. If we do not, the Bridge to Tomorrow across the now Great and Rapidly Growing Divide between the Haves and Have Nots of our society will soon, I fear, be unbuildable and the gap, unbridgeable.

As head of a 501 (c) (3) organization, I am, of course, not free to serve as an advocate for any one legislative proposal over another, especially one that I have not had the time or the opportunity to study in any great detail. I was, nonetheless, Mr. Chairman, pleased to accept your invitation of last week to testify before this committee. I applaud the initiative and promise represented in S. 123. Smart Start is a commendable response that acknowledges the seriousness of the problem we face and the critical need for early and sustained intervention. The cost effectiveness of a comprehensive, well-integrated approach to preschool preparation which includes essential social services as well as educational elements is vital for success in this arena. Such a program would, in my opinion, be a valuable adjunct to programs we already know make a difference to the educational pipeline like Head Start and WIC. As long as the rest of the educational pipeline is also being attended and kept in good working order, and we continue to encourage community and parent involvement at the state and local levels, as S. 123 does, there is reason to hope that the battle can be won. I do hope for the sake of us all that "we the people" will be prepared to make the investments necessary to assure the future prosperity of this nation, to accept our intergenerational responsibilities and to stay the course for the long haul that will be needed to truly change direction.

Successful Preventive Investments In Children

Programs	Benefits for Children	Cost Savings
Special Supplemental Food Program for Women, Infants, and Children (WIC)	Reduction in infant mortality and births of low birthweight infants, improved nutritional outcomes for children in the first six years of life, including reduced anemia rates and better growth rates.	$1 invested in the prenatal component of WIC has saved as much as $3 in short-term hospital costs. Improved early nutrition has been shown to be effective in preventing retardation.
Medicaid, with Early and Periodic Screening, Diagnosis, and Treatment Services for Children (EPSDT)	Earlier prenatal care, increased birthweight, decreased neonatal and postneonatal infant mortality and morbidity, and fewer abnormalities among children receiving comprehensive preventive services under EPSDT	$1 spent on comprehensive prenatal care saves $3.38. 10 percent lower annual health care costs for children receiving EPSDT services.
Childhood Immunization Program	Dramatic declines in the incidence of rubella, mumps, measles, polio, diphtheria, tetanus, and pertussis, reduction in consequent impairments and institutionalization.	$1 spent on the Childhood Immunization Program saves $10 in later medical costs.
Child Care	More supportive child care as well as increased safety of child care for children who otherwise would be left untended or in potentially harmful arrangements. Increased well-being of children through higher parental earnings and self-sufficiency.	Child care reimbursements cost the public a small fraction of what monthly welfare payments to a family without a working parent cost. In addition, employers and parents report less absenteeism and greater productivity if there is adequate child care.
Head Start	Increased school success and eventual employability.	$1 invested in quality preschool education returns $4.75 because of lower costs of special education, public assistance, and crime.
Chapter 1 Compensatory Education	Achievement gains and maintenance of gains in reading and mathematics while in the program.	Investment of $600 for a child for one year of compensatory education can save $4,000 in the cost of a single repeated grade.
Education for All Handicapped Children	Increased number of students receiving services, increased availability of appropriate services, and less restrictive settings in which services are provided.	Early educational intervention has saved school districts $1,560 per disabled pupil.
Minimum Wage Increase	Increased parental earnings and financial incentives to work.	Reduced expenditures for income support programs targeted on low-income families, increased personal income and payroll tax revenues associated with increased employment and earnings.
Youth Employment and Training, Job Corps	Gains in future employability and earnings for teenagers and young adults.	Every $1 invested in Job Corps yields $1.45 in benefits to American society. Other youth employment and training programs have raised post-program employment rates by nearly a fourth and annual earnings by more than $1,300.

The Children's Defense Fund, Investing in Our Children.

Current Participation	Steps Needed Now	Goal
Only 40 percent of those potentially eligible received services in 1987	Full funding for WIC. The FY 1988 cost would be $4 billion, a $2.2 billion increase	Full participation of all eligible low income mothers, infants, and children in FY 1989
In 1987 less than half of all poor pregnant women and children were covered by Medicaid	Extend Medicaid coverage to all uninsured pregnant women and children with incomes below 185 percent of the poverty line. Total cost of the expansion is $1.8 billion in FY 1989	Routine prenatal and pediatric care for all low income women and children
In 1985 fewer children younger than two were fully immunized than in 1980. Only one-half of all black preschoolers were adequately immunized	In FY 1989, full funding for Childhood Immunization Program ($126 million, an additional $40 million)	Immunization of 90 percent of American children by 1990
Child care under the Title XX Social Services Block Grant serves fewer than half a million children. In 1987 there were 4.8 million children younger than six who were poor. At least 2 million children younger than 14 are left without adult supervision for all or part of their parents' working day. More than 200,000 mothers not in the labor force turn down job offers each month because child care cannot be found or afforded	Enact and fund the Act for Better Child Care Services (ABC) bill pending before Congress (H.R. 3660, S. 1885). FY 1989 cost is $2.5 billion	Safe and affordable child care for America's families. Enactment in 1988 of the Act for Better Child Care Services bill
Head Start serves fewer than one in five eligible children	Increase Head Start funding by $400 million annually for each of the next five years	Extend Head Start to at least half of the poor three- to five-year-olds by 1992
In FY 1985, Chapter 1 served 4.9 million children—about half of those in need of services	Add $500 million (in real dollars) in each of the next five years, totaling an additional $2.5 billion by 1992	Fully fund the Chapter 1 program to reach all eligible educationally disadvantaged children by 1992
During the 1984-1985 school year, 4.4 million children were served under this program	Increase the federal share of program costs from its present level of less than 10 percent of local school costs, and in exchange insist on a restoration of the program's original quality and focus on individual student needs met in the least restrictive environment	A free and appropriate education for every child, regardless of disability
The minimum wage has not been raised to keep pace with inflation since 1981. A full-time, year-round job at the minimum wage now provides earnings equal to only 72 percent of the poverty level for a family of three. More than 10.6 million workers in 1985 earned too little to lift a three-person family out of poverty	Raise the minimum wage to $3.95 per hour in 1988, $4.25 in 1989, and $4.65 in 1990 to restore its real 1979 value after inflation. Adjust the minimum wage annually in succeeding years to maintain its real value	Preservation of a "family wage" that allows parents to earn enough to keep their children out of poverty
Job Corps currently serves only 3 percent of the 1.4 million teenagers officially counted as unemployed. Other training programs funded through the Job Training Partnership Act reach less than 5 percent of the estimated eligible population	Add $200 million for Job Corps to serve an additional 25,000 youths, and provide federal matching funds for states that establish school-to-work transition programs for non-college-bound youths.	Provide every young person not going on to college a training opportunity that leads to a stable job with adequate wages

Table 8 • EDUCATIONAL ATTAINMENT OF PERSONS AGE 25 AND OVER BY SEX, RACE, AND SPANISH ORIGIN, MARCH 1985 *(in percentages)*

Years of school completed	*All races*		*White*		*Black*		*Spanish origin*[1]	
	Women	*Men*	*Women*	*Men*	*Women*	*Men*	*Women*	*Men*
Elementary, 0–8	13.6	14.1	12.8	13.2	19.5	22.9	38.0	37.6
High school, 1–3	12.9	11.4	12.1	10.8	19.6	18.7	14.7	13.9
High school, 4	41.3	34.8	42.4	35.3	35.5	31.9	29.5	27.2
College, 1–3	16.2	16.5	16.4	16.7	14.3	15.3	10.6	11.5
College, 4	10.0	12.5	10.1	13.0	6.9	6.9	4.5	5.2
College, 5 or more	6.0	10.6	6.2	11.0	4.1	4.2	2.8	4.5
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total number (in thousands)	75,768	67,756	65,500	59,405	8,266	6,554	4,392	4,063

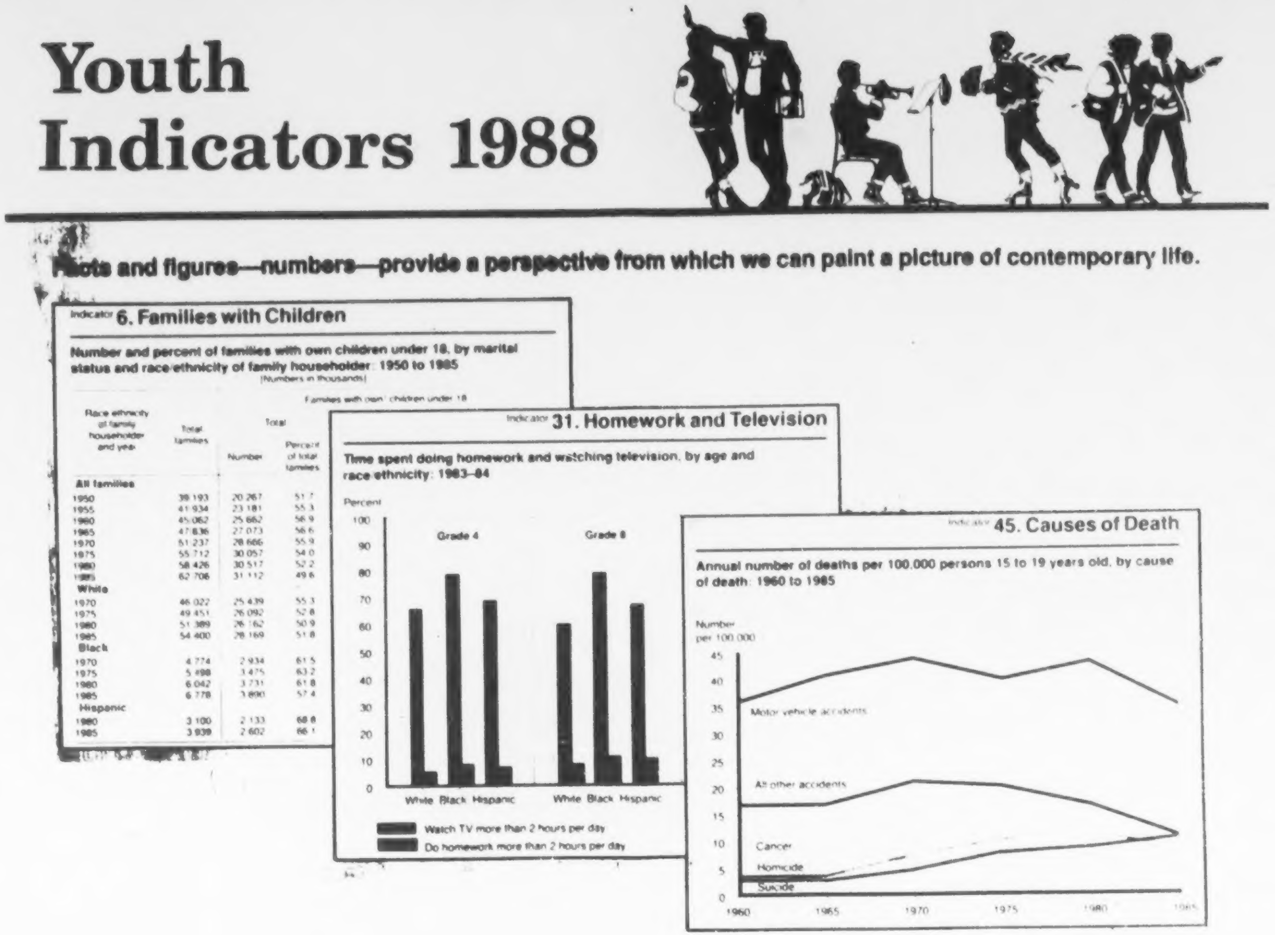
[1] Persons of Spanish origin may be of any race.

Source: U.S. Bureau of the Census, Population Division, unpublished data from the Current Population Survey.

Changing Composition of the Poverty Population,
by Race: 1959 to 1986
(Numbers in thousands)

	1959	1969	1979	1986
All Races				
Total persons in poverty	39,490	24,147	26,072	32,370
Percent in female-maintained families	17.8%	28.5%	36.0%	36.9%
White				
Total person in poverty	28,484	16,659	17,214	22,183
Percent in female-maintained families	14.9%	21.5%	25.4%	27.8%
Black				
Total persons in poverty	9,927	7,095	8,050	8,983
Percent in female-maintained families	24.3%	45.4%	59.8%	60.9%

Source: U.S. Bureau of the Census, 1988b, "Poverty in the United States: 1986" Current Population Reports Series P-60, No. 160, Washington, D.C.: U.S. Government Printing Office: Table 1.



Youth Indicators 1988

Facts and figures—numbers—provide a perspective from which we can paint a picture of contemporary life.

Indicator 6. Families with Children

Number and percent of families with own children under 18, by marital status and race/ethnicity of family householder: 1950 to 1985
[Numbers in thousands]

Race/ethnicity of family householder and year	Total families	Families with own children under 18	
		Total	
		Number	Percent of total families
All families			
1950	39 193	20 267	51.7
1955	41 934	23 181	55.3
1960	45 062	25 662	56.9
1965	47 836	27 073	56.6
1970	51 237	28 666	55.9
1975	55 712	30 057	54.0
1980	58 426	30 517	52.2
1985	62 706	31 112	49.6
White			
1970	46 022	25 439	55.3
1975	49 451	26 092	52.8
1980	51 389	26 162	50.9
1985	54 400	28 169	51.8
Black			
1970	4 774	2 934	61.5
1975	5 498	3 475	63.2
1980	6 042	3 731	61.8
1985	6 778	3 890	57.4
Hispanic			
1980	3 100	2 133	68.8
1985	3 939	2 602	66.1

Indicator 31. Homework and Television

Time spent doing homework and watching television, by age and race/ethnicity: 1983–84

Percent
100
90
80
70
60
50
40
30
20
10
0
Grade 4
Grade 8
White Black Hispanic
White Black Hispanic
Watch TV more than 2 hours per day
Do homework more than 2 hours per day

Indicator 45. Causes of Death

Annual number of deaths per 100,000 persons 15 to 19 years old, by cause of death: 1960 to 1985

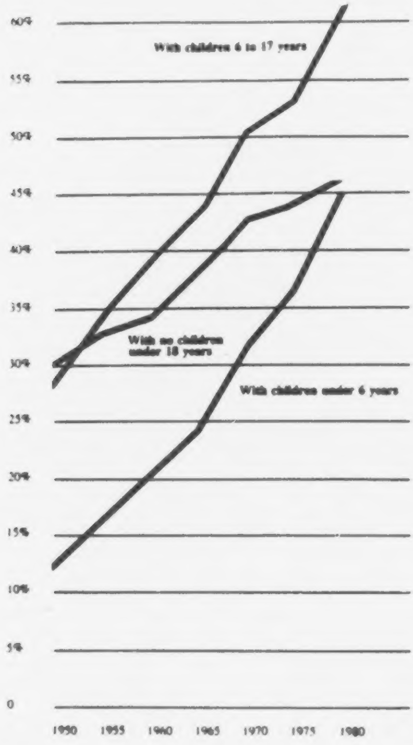
Number per 100,000
45
40
35
30
25
20
15
10
5
0
Motor vehicle accidents
All other accidents
Cancer
Homicide
Suicide
1960
1965
1970
1975
1980
1985

TABLE 1.3
Percent of Unrelated Individuals Who Are Poor

	1970	1980	1983	1984
All Unrelated Individuals	**24.0**	**19.7**	**22.1**	**20.9**
Ethnic Group				
White	21.4	17.1	19.8	19.2
Black	39.7	35.4	35.5	31.0
Other	23.7	28.2	33.4	26.1
Hispanic†	26.7	28.3	32.1	36.3
Age Level				
18–24	37.7	25.0	34.3	32.2
25–34	11.6	12.0	15.1	13.0
35–44	13.2	13.8	15.0	14.2
45–54	22.1	21.5	20.8	21.6
55–64	27.8	26.9	26.9	26.8

† Data for Hispanics are shown separately and are included in whites or blacks roughly in the ratio of nine to one.

Figure 4
Mothers in the Labor Force, in Families with Husband Present (by Presence and Age of Own Children, 1950-1980)



Source: U.S. Bureau of Labor Statistics

The CHAIRMAN. Thank you very much.

Our next witness is Frank Doyle, Senior Vice President of General Electric. Mr. Doyle served as the chairman of the subcommittee on the Council for Economic Development that produced the "Work and Change" recommendations, which focuses on worker displacement.

We look forward to your testimony, Mr. Doyle.

Mr. DOYLE. Thank you, Mr. Chairman.

It is a privilege to speak in support of Smart Start. Let me state bluntly at the outset that there exists no greater concern to GE and to the CED trustees alike than the failure of the Nation to prepare our young people for the increasing changes in work produced by a rapidly changing U.S. economy and the intensifying pace of global competition.

I believe that companies—and indeed, economies—that are able to adapt to change and compete globally are those that view change less as a problem and more as an opportunity.

To prepare ourselves for change, we have virtually transformed the way we do business and organize work at GE. We have adopted a dual, interdependent strategy—first, investing heavily in product and process technology; and second, preparing our people to adapt to these new technologies.

Across the company, we expanded our retraining efforts as it became essential for our workers to learn new, more complex skills from computerized quality control to plant floor management.

The key to my company's adaptability depends on our ability to find, hire and retain new workers who are not only prepared for change, but who are prepared to keep changing as technologies evolve. That requires hiring people who are not only verbally and mathematically literate, with analytical ability and disciplined work habits, but who are also able to learn and learn quickly. Those are the only jobs we will have.

In response to your comment and question about the GE shareholders, we spend hundreds of millions of dollars training and retraining our current work force—some 300,000 people. How effectively and economically we can do this is heavily dependent on the quality of their childhood education.

There is little that GE can do, on or off the factory floor, in our core manufacturing, high-technology or diverse service businesses with employees who cannot read, write or count, and who are unable to learn. We simply cannot train people who arrive at the workplace not with learning disabilities, but what I call "learning disabled", caused in part by the failure of our institutions to intervene early enough and effectively enough.

The fact is we at GE have substantial difficulty in finding job applicants at all levels who meet our requirement of being ready to work and easy to train. We find this difficulty to be particularly pervasive at entry-level positions, where far too many applicants lack even the most basic skills.

The other CED policy statement you referred to, entitled "Work and Change", focused on worker dislocation and adjustment. It disclosed that the single most important factor in shortening the time it takes for a displaced worker to find a new job was the level of education. Education is both a worker's best defense against sustained unemployment and a worker's best offense as new technologies and workplaces change. Educated workers are adaptable workers.

This past year, I have taken on a new assignment with the CED to chair a subcommittee dedicated to looking at future demographic shifts, and especially how they will shape our ability to maintain a competitive work force. We already know, for example, that if current trends prevail, there will be an increasing shortage of available workers, even assuming they are educationally prepared.

It has been predicted that by the year 2010, worker shortage may reach as high as 23 million jobs open, wanting for lack of qualified people and available candidates.

Tragically, we still fail to graduate nearly 700,000 people a year, most of whom are destined for lives of economic hardship and many of whom will become costly burdens for society.

The CED estimates that a single year's class of dropouts costs the Nation $240 billion in lost earnings, tax revenues, and additional social programs over their lifetime.

S. 123 funding viewed as an investment decision is frankly an easy call.

Much of this educational failure is concentrated on the Nation's poorest children, many of whom stand virtually no chance of sharing the benefits of the U.S. economy unless we intervene. An appalling 20 percent of the Nation's children of the teenage years and below live in poverty, and one in four children under the age of six live in poverty. These children account for nearly all of the one-third of the Nation's children who eventually grow up with few, if any, employable skills.

These statistics reveal a waste of human potential and represent lost opportunities for our Nation, especially when America's competitiveness depends on tapping the talent of all our people. To do that, we must attack the mismatch between people and skills right at the source.

For these reasons, CED chose to focus attention on educationally disadvantaged children. I believe that the resulting policy statement, "Children in Need", has made a significant impression on business leaders and policymakers by alerting the country to the advantages of early investment in education for the disadvantaged.

The CED research demonstrated a critical link between early intervention and lifelong achievement among our society's most disadvantaged young people. We concluded that to succeed in helping children at risk, we must respond to the needs of the whole child, from prenatal care through adulthood.

It is in the spirit of these findings and the recommendations that I join with my colleagues at CED in enthusiastically supporting the approach taken in S. 123. It meets virtually every criteria our study set forth for successful intervention and makes, in my judgment, some worthwhile improvements. These include requiring both the Departments of Education and Health and Human Services to be involved in developing program policy and regulation; providing for parental choice, enabling parents to choose between half-day, full-day, or extended-day programs; coordinating available health and nutrition services; and most significantly, upgrading rather than supplanting existing Head Start programs.

Smart Start, in effect, gives a kick-start to Head Start, to make it even more effective early on. Finally, S. 123 enables a broad mix of children to participate on a sliding scale fee, thus bringing the advantages of this program not only to those who qualify economically, but to all children who might benefit.

This bill has my enthusiastic support and should be enacted soon, but with some changes I would recommend. In my view, the bill suffers from two serious, but correctable, shortcomings: First, a too cumbersome and elaborate approval and administrative process that unnecessarily restricts flexibility at the State and local levels; second, too much Federal funding and too little State share to the extent that long-term support across different levels of Government is not maximized.

Despite that, let me conclude by emphasizing that investment in education is Government at its best and most needed, when it is done right. And when it is done right, investing early in education is the best investment of all.

I would say that this is the right bill. It needs some minor modifications. It is at the right time and for the right reasons. But if we could snap our fingers and find Smart Start in full operation tomorrow, the first class of high school seniors that will have benefited will not be graduating until the year 2003. I hope that is not too late, but let us act before it is.

Thank you.

The CHAIRMAN. Thank you very much.

[The prepared statement of Mr. Doyle follows:]

FOR RELEASE ON DELIVERY
FEBRUARY 22, 1989

TESTIMONY

of

FRANK P. DOYLE
SENIOR VICE PRESIDENT, GE

and

MEMBER, THE BOARD OF TRUSTEES
THE COMMITTEE FOR ECONOMIC DEVELOPMENT

on

SMART START, S. 123

before

SENATE COMMITTEE ON
EDUCATION AND HUMAN RESOURCES

Wednesday, February 22, 1989
430 Dirksen Senate Office Building
9:30 a.m.

MR. CHAIRMAN:

It is a pleasure to have the opportunity to address "Smart Start: The Community Collaborative for Early Child Development Act of 1988". I will be commenting on this bill both as a Senior Vice President of General Electric and as a trustee of the Committee for Economic Development (CED), an education and research organization that has helped move forward early childhood education and development on the public policy agenda.

Let me state bluntly at the outset that there exists no greater concern to GE and to the CED trustees than the serious failure of the nation to prepare our young people for the increasing changes in work produced by a rapidly changing U.S. economy and the intensifying pace of global competition. GE has for some time recognized that companies -- and indeed economies -- that are able to adapt to change and compete globally are those that view change less as a problem and more as an opportunity.

To prepare ourselves for change we at GE have virtually transformed the way we do business and organize work. We have adopted a dual, interdependent strategy: first, investing heavily in product and process technology; second, preparing our people to adapt to these new technologies. In almost all areas of the company we have had to retrain our work force to learn new more complex skills, from computerized quality control to plant floor management.

The key to the company's future ability to adapt will depend on our ability to find, hire and retain new workers who are not only prepared for change, but are prepared to keep changing as technologies evolve. Such adaptability requires that we hire people who are not only verbally and mathematically literate -- with analytical ability and disciplined work habits -- but who are also able to learn, and learn quickly. There is little we at GE can do on or off the factory floor, in our core manufacturing, high technology or diverse service businesses, with employees who cannot read, write or count and who are either unwilling or unable to learn.

During the past several years, I have had the privilege of serving in a number of capacities with the Committee for Economic Development. I served in 1986 as Chairman of the Subcommittee that produced CED's policy statement, Work & Change, focusing on worker dislocation and adjustment. That study disclosed that the single most important factor in shortening the time it takes for a displaced worker to find a new job was level of education. Education is both a worker's best defense against sustained unemployment, and a worker's best offense as new technology-driven occupational shifts -- in both manufacturing and services -- place increasing high premiums on acquiring more advanced skills. Education, simply, means adaptability.

It is well known that our schools, for a variety of reasons, have failed to consistently produce students prepared either to go on to post secondary schooling or work in jobs requiring less than a college degree. I will not rehearse this litany; it has been frequently and usefully rehearsed since the publication of "A Nation at Risk" in 1983. But our experience at GE, I think, speaks for itself. The fact is we have substantial difficulty in finding job applicants at all levels who meet our requirement of either being ready to work or easy to train. We find this difficulty to be particularly pervasive at entry level positions where far too many applicants lack even the most basic of skills.

Alarmed as we are at the existing quality of graduates, we are especially concerned about the future. This past year I have taken on a new assignment with the CED to chair a Subcommittee dedicated to looking at future demographic shifts, especially at how they will shape our ability to maintain a competitive work force.

Our study will focus not only on how individuals will have to prepare themselves, but how companies will themselves have to adapt to labor market changes. We know that if current trends prevail, there will be an increasing shortage of available workers, even assuming that they are educationally prepared. Wassily Leontieff the Nobel laureate economist, has gone so far as to predict that by the year 2010 the job supply shortage may reach as high as 23 million jobs found wanting for lack of qualified and available candidates.

Tragically, we continue to fail to graduate nearly 700,000 young people a year, most of whom are destined for life of economic hardship and many of whom will become a costly burden to their communities and society at large. One cost estimate cited in CED's statement Children in Need is that a single year's class of dropouts costs the nation $240 billion in lost earnings, taxes, and added social programs over the lifetime of these youngsters.

Much of this failure is concentrated on the nation's poorest children, a large number of whom stand virtually no chance of a share in the fruits of the U.S. economy unless we intervene. To cite some facts:

- o Twenty percent of the nation's children of the teenage years and below live in poverty -- and 1 in 4 children under the age of 6 -- live in poverty. These children account for nearly all of the more than one third of the nation's children who eventually grow up with virtually no education and employability skills whatsoever;

- Children are seven times more likely to be poor than those over the age of 65;

- While two-thirds of all poor children are white, black and hispanic children are much more likely to be poor at a rate of 43 percent for blacks and 40 percent for hispanics;

- Black children are nearly three times as likely as white children to live in poverty;

To cite some more grim statistics:

- The drop-out rate is twice as high for children of single parents than those in households with two parents;

- In 1985 sixty-six percent of black children, seventy percent of hispanic children and fifty percent of white children living in single-parent households lived in poverty;

- In 1987, three out of every four black infants were born to unwed mothers, half of whom were teenagers themselves;
- Fifty percent of all welfare expenses go to families in which the mother began her parenting as a teenager;
- Up to seventy percent of teen mothers will have a second child within two years of the first;
- Fewer than fifty percent of teenage mothers graduate from high school.

These statistics reveal horrible waste of human potential and threaten to undermine our nation's economic competitiveness. If we are to compete and live, we must tap the talents of all our people. The question for those of us in business -- as well as for policymakers in all levels of government -- is how our economy can grow and at the same time provide future opportunity when up to one-fourth of our potential new workers are doomed to fail. We need a strategy that attacks the mismatch between people and skills right at the source.

For all these reasons, after more than five years of research and two major research statements, CED chose to focus attention on educationally disadvantaged children, beginning with the earliest years all the way back to conception. The result was the release of CED's policy statement, Children in Need, with which this Committee is familiar. We believe that study has made a significant impression upon business leaders and policymakers by alerting the country to the advantages of early investment in education for the disadvantaged.

The CED research demonstrated that a critical link exists between early intervention and life-long achievement among our society's most disadvantaged young people. The trustees concluded that to succeed in helping children at risk, we must respond to the needs of the whole child, from prenatal care through adulthood. Such efforts must involve the children's parents, many of whom are themselves disadvantaged and in need of support services to help them prepare their children for a better future. Such efforts must also be tailored to meet the needs of the child within the context of school, family, and community.

It is in the spirit of these findings and recommendations that I join with my colleagues at CED in enthusiastically supporting the approach taken in S. 123.

In our statement, Children in Need, CED identified the common characteristics of the most successful preschool programs:

- o Meticulous planning and clearly stated objectives;
- o A high ratio of instructional staff to student;
- o Instructional objectives that are closely tied to program objectives;
- o High intensity of treatment;
- o Rigorous training of instructional personal personnel.

More specifically, CED concurred with the recommendations of the High Scope Foundation which called for:

- o At least one staff member for every ten children and a classroom enrollment limit of no more than twenty children;

- Teaching staff who are early childhood specialists with academic degrees in early childhood development, competency-based child development associate credentials, or their equivalents;

- Curriculum models derived from principles of child development that have been evaluated and found to have positive intellectual and social outcomes;

- Support systems to maintain the curriculum model, including curriculum leadership by administration, curriculum-specific in-service training and evaluation procedures, and teaching staff assignments that permit daily team planning and evaluation of program activities;

- Collaboration between teaching staff and parents as partners in the education and development of children, including frequent communication and substantive conferences at least monthly;

- Sensitivity and responsiveness to the child's health and nutrition requirements and the family's need for child care or other services.

Finally, all preschool programs should provide parenting assistance. According to a report by the National Governors' Association, the "curriculum of the home" is twice as powerful a predictor of academic success as is socioeconomic status. In twenty-nine controlled studies of child-care and preschool programs, the most favorable outcomes came from programs designed to improve the "curriculum of the home." The kinds of activities these programs encouraged were conversations between parents and children about everyday events; showing interest in social activites; discussions of reading; monitoring and discussion of television watching; and learning to postpone immediate gratification in favor of long-term goals.

The CED argues that in addition to preschool, disadvantaged children and their mothers are desperately in need of a whole range of ancillary programs, such as general and mental health and social services; prenatal counselling to pregnant teenagers; parenting education for younger mothers; and education opportunity for these mothers -- many of whom are often children themselves.

S. 123 meets virtually every one of these criteria and makes, in my judgment, some worthwhile improvements. It changes last year's proposal which lodged responsibility solely in the Department of

Education, to require that both the Departments of Education and Health and Human Services are involved in developing program policy and regulation. This is a good change.

As you know, the government's existing preschool programs -- as well as expertise and responsibility for the Head Start program -- areas lodged in the Office of Assistant Secretary for Child Development in HHS. As you also know, CED has come out in favor of full funding of Head Start. To transfer responsibility for what is a superior "Head Start" type program to any agency with little or no preschool developmental expertise makes little sense.

However, I note that both the funds and administration of the program are lodged in the Department of Education. While I understand the need to write the law this way for jurisdictional purposes, I urge you to consider reverting this authority to HHS with a floor amendment in the hopeful event that the bill reaches that stage.

Second, the bill wisely and in fact gives priority to upgrading -- rather than supplanting -- existing Head Start programs. Head Start is already well established, and has developed over the years a cadre of expertise and community support that would take considerable time and added investment to reinvent. Effective preschool programs require personnel well-trained in child development education, and such individuals are not easily found. By involving those already in the field, better and larger programs can be established more quickly. Head Start has not always had the resources necessary to assure quality, explaining why program graduates do not fare as well as they otherwise might. These additional resources will ensure that the weaker Head Start programs are strengthened.

Third, the bill provides for parental choice, enabling parents to choose between half day, full day, or extended day programs. By allowing multiple options this enables parents to choose the program which best meets the child's and family needs.

Fourth, the program will also coordinate available health, nutrition and other social services. The CED research has shown that assuring a young child's good health is often just as important for later educational attainment as is a quality preschool curriculum.

Finally, S. 123 enables a broad mix of children to participate, on a sliding scale fee, thus bringing Head Start opportunities not only to those who qualify economically but to all children who might benefit. This provision has the added advantage of bringing all parts of the community together in common support of the program, helping ensure both its quality and long-term stability.

This bill has my enthusiastic support and should be enacted soon, but with some change. In my view, the bill suffers from two serious -- but correctable -- shortcomings.

First, it creates a far too cumbersome and elaborate approval and administrative process. The bill severely restricts a Governor's flexibility by not only limiting choice as to which agency can run the program, but requiring a plan from an advisory task force with which a sitting executive may seriously disagree. Governors in over twenty-five states are either in the process of establishing -- or have established -- their own preschool efforts. My view is not to micro-manage this program, but to allow governors maximum choice to adapt the program's requirements to their states' needs.

This cumbersome approach duplicates itself at the local level. Too much government regulation may well deter community involvement, not encourage it.

Second, the bill calls for too much federal funding and too little state share. Where states choose to participate, the bill calls for the federal government to pay for 70 percent of the program in the first year, 60 percent in the second year and 50 percent in all subsequent years. When the states choose not to participate, and only localities become involved, the federal share will be as high as 80 percent in the first year, 75 percent in the second year and 70 percent thereafter.

I suggest, instead, limiting the ongoing federal share to no more than 50 percent in all instances. These programs need to be viewed as evolving out of the community -- with local control -- and dependent in large measure upon local support. In fact, it may well be that states will lessen their current efforts to develop preschool programs _if_ they suspected that the federal government would be paying much of the bill. That perception could in turn undermine the longevity of these critically important programs.

I would like to conclude by observing that investing in education -- emphasizing the fundamental skills and attitudes demanded by new higher-skilled, technology-based jobs -- is the single greatest long-term contribution government can make at all levels.

Investing early in education is the best investment of all. But let us not at the same time reduce other educational investments, such as Chapter 1, Follow-Through, upgrading math and science teaching, and greater access to higher education. These investments are absolutely indispensable if early gains are to be maintained.

The critical need for such investment has been recognized not only at the national level, but by the Governors of most of the fifty states, much of the business community, and by President Bush.

This is the right bill -- with the right modifications -- at the right time and for the right reasons.

Finally, the nation cannot wait. If we could snap our fingers and find your program in full operation tomorrow, the first class of high school seniors that will have benefitted will not be graduating until the year 2003. Let us hope that is not too late... and let us act before it is.

The **Chairman**. Next, we will hear from Irving Harris, co-founder of the Ounce of Prevention Early Education Fund, and Chairman of the Executive Committee for the Pittway Corporation; he is founder of the Beethoven Program, upon which our comprehensive child development centers legislation, which passed last year, was based.

Mr. Harris was also involved in the founding of the Erikson Institute in Chicago, which trains early childhood teachers.

We look forward to your testimony here.

Mr. **Harris**. Good morning, Mr. Chairman, Members of the Committee.

I am pleased to be here before you today. I would like to submit for the record my complete statement, which details the need to provide early childhood education opportunities, discusses the advantages that can be gained when the business community and various levels of Government combine forces and work together in the area of early intervention, and comments specifically on your proposal, Smart Start.

Since my time this morning is limited, I would like to focus my remarks on why Smart Start is smart. However, I would be happy to answer any questions you may have about a very successful public/private partnership that addresses the needs of children in my own home State of Illinois.

Mr. Chairman, you and I and others recognize that school-readiness starts in the womb, beginning with prenatal care for the mother, and continues to develop through the child's birth up to the age at which he enters preschool. Your leadership in the formulation, enactment and funding of the Comprehensive Child Development Program is evidence of your appreciation that for many children, preschool opportunities often occur too late in their development, and that for those children, interventions must begin sooner and be comprehensive and continuous.

I could go on, but since the subject today is preschool education, I will stick to that and to your proposal, Smart Start.

A number of you are familiar with the good results that came from the Perry Preschool Program in Ypsilanti. Another impressive longitudinal study comes from Syracuse University. It is entitled, "Long-Range Impact of an Early Intervention with Low-Income Children and their Families"; I believe you have a copy of that. I have attached a copy to my statement.

Page 25 of this study is extremely encouraging. Just look at the difference between the program group and the control group. Seventy-four children were in the program group to start. Sixty-five were located ten years later, aged about 15. As you can see, only four of those 65 had had any trouble with the law. Furthermore, the instances were relatively minor and altogether cost Syracuse only $12,000.

On the other hand, of the 74 control children, only 54 could be located, but 12 of those 54 had had trouble with the law, and their cases were much more serious, including criminal mischief, violation of probation, sexual abuse, attempted assault, second offense, robbery, second offense, assault, second offense, and burglary. The cost of these 12 probation cases was $108,000 before the kids were 16 years of age.

The per capita cost for the controls was $1,985, compared to only $186 for the program kids.

Clearly, cognitive gains are one easy measure of gains from preschool programs. But the gains in social skills and the reduction of violent behavior are much more important in my view. This study looked at these kids when they were 15 years of age. If you look at them 10 years later, you will have the cost of hardened criminals—not only prison costs, but the costs of fear and violence to all of us who live in those same communities, and most of all, the costs to their classmates in the schools, who simply are short-changed day-after-day, week-after-week, year-after-year, by the schools' teachers, who have to spend all of their energy coping with the troublemakers in their class.

Public schools often average 27 kids per class; in Chicago, 30 kids. Fifty-four kids therefore represent about two classes in a public school. That figures out in this study to six troublemakers per class. Now, if you talk to teachers, they will tell you that a good teacher can cope with one troublesome student; if she has two or three in her class, she says there is no way she can avoid short-changing the whole class; six is impossible—and that is what we found in the Syracuse control group.

That is why in so many of our schools in Chicago, as I have told you, out of every 100 kindergartners who start, 12 years later, only two or three graduate from high school able to read at the twelfth grade level—two out of 100.

Smart Start, while somewhat less intensive than the Syracuse program I have alluded to here, promises to show similar positive results.

Mr. Chairman, the real genius of Smart Start is that it recognizes the concept of the whole child in a family context by combining early childhood education with quality child care, and most important, with other necessary and vital family support and social services that are so critical to help ensure the future school success of children.

I agree with you that services for these young children, in these cases, three to five years old, must be provided in a comprehensive fashion. It simply is not as effective for many of these children if only one of their needs is attended to. Proposals that simply provide for custodial care or for early childhood education or for nutrition assistance or for health care, although important, will not have the same impact as those proposals that are comprehensive and complimentary that address the whole child.

Four year-olds are not simply short ten year-olds. Four year-olds require different kinds of care and different kinds of learning experiences than do ten year-olds. By requiring that Smart Start teachers have professional training and experience in early childhood education and development, you acknowledge an important and fundamental fact—trained caregivers are essential if we are to achieve better care. Three and four year-old children whose parents are poor are already more at risk for school failure and thus are in even greater need of trained caregivers.

It is essential that as we move to increase the opportunities for early childhood education, we ensure that the supply of trained caregivers increase and that the wherewithal to provide that training be included.

Let me illustrate this point by sharing some of our experiences and plans in Chicago. Twenty-two years ago when Head Start began, we founded the Erikson Institute for Advanced Study in Child Development. Erikson has trained 500 teachers over the past 22 years. Five hundred graduates does not sound like very many, but when you consider the impact that each of these professionals can have, it is indeed a more significant number.

Jim Garbarino, President of Erikson, estimates that each graduate can in one year train 50 to 100 paraprofessionals, CDAs or their equivalent—that is, Smart Start teachers—or administer and supervise up to 10 affiliated centers, or directly supervise the teachers and caregivers of up to 150 children—but 500 is not enough. Out of these 500 Erikson graduates, only 15 percent are minority. Although minority enrollment at Erikson is now up to 25 percent overall, it should be higher. The cost for doing this is more than we can handle.

To successfully recruit many more minority students will mean not only full scholarships, but stipends in addition—a cost of about $25,000 per student. Erikson has no endowment. To double our size now and accommodate 20 additional minority students will require a minimum of $500,000 a year. But the payoff will be large. Not only will we have in five years 100 well-trained minority early childhood education professionals, but each of these leaders will favorably affect and have an impact on hundreds of children.

Mr. Chairman, Smart Start is a terrific initiative. While I recognize that current budget constraints make funding problematic, I can think of no better investment our country can make—in fact, no better return on invested capital.

Smart Start will work, and will make an enormous difference not only in the lives of many of our young children, but also in the productivity of our businesses and industries who will employ them in the year 2000 and beyond, and in the health of the economy of this country.

We must move ahead; we cannot afford not to.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Harris follows:]

TESTIMONY
OF
IRVING B. HARRIS

CHAIRMAN THE OF THE EXECUTIVE COMMITTEE
PITTWAY CORPORATION
CHICAGO, ILLINOIS

BEFORE THE
SENATE COMMITTEE
ON
LABOR AND HUMAN RESOURCES

FEBRUARY 22, 1989

Good Morning. Mr. Chairman, members of the Committee, I am Irving Harris. I am Chairman of the Executive Committee of the Pittway Corporation. I am pleased to be here today to testify, from the perspective of a businessman, on the need to provide early childhood education opportunities, on the advantages that can be gained when the business community and various levels of government combine forces and work together in the area of early intervention, and, specifically on your proposal, Smart Start.

I believe I can bring some good news - or least share some of our experiences - that could be brought to bear on your task of expanding the federal commitment to make early childhood education opportunities more widely available for our children, particularly for those born in poverty.

I think we can all agree that to "break the cycle of poverty", it is evident that the answer lies in education. If people born in poverty cannot become educated, the likelihood of their pulling themselves out of poverty, and getting decent jobs, is remote. Today, the person who cannot read or write remains disenfranchised in many ways, unable to earn an income, to be independent, or to make a productive contribution to society. Not only will the uneducated child of today be less likely ever to be part of our skilled workforce, but, because of his almost certain future dependence on unemployment and welfare benefits, he is unlikely to be able to afford to purchase many of the goods manufactured by our businesses and industries.

On the other hand, with a reasonably good education, jobs will be available to him. His contribution to the good health of the American economy will be thus ensured through his participation in the workforce, and, through his ability to purchase goods.

First, I'd like to give you some chilling statistics about most of the students entering the public schools in Chicago each year and tell you what some kindergarten teachers are saying:

- 78 percent of public elementary school students in Chicago are from poor families.
- Kindergarten teachers tell me that out of 30 children in an average class, between 6 and 10 children are "not ready" for school. By not ready, they mean the children have abnormally low attention spans, are hyperactive or have speech and hearing difficulties, delayed development and learning disabilities, and, many are prone to violence.
- One-third of the first graders at the Beethoven Elementary School have to enter a special "pre-second grade" program because they haven't met the minimum standards necessary for promotion to the second grade.
- A series this summer in the Chicago Sun-Times quotes from a survey of kindergarten teachers:

  "Most children enter the Chicago public school system unable to speak in complete simple sentences. Unable to identify a square, circle, and triangle. Unable to tell you their first and last names. Most cannot correctly hold a pencil or crayon, nor can they draw a recognizable complete human form."

- Of 100 entering freshmen at the DuSable High School, only 30 will graduate, and of those 30, only two will read at grade level.

I think we can all agree that something has to change.

The private sector can and does want to play a significant role in helping to create the kind of change that is necessary. Helping to build a consensus in support of the issue, taking the lead in organizing community resources, and providing some direct support for local needs are appropriate and "doable" private sector responses. However, it is neither appropriate nor reasonable for the private sector to bear the major responsibility for this issue. The problems that cause our current high rate of school failure are enormous ones that reach far beyond the capacities of any single charitable agency or institution, even those heavily endowed with large philanthropic donations or substantial corporate support. Our governments are the only institutions with the requisite scope and sufficient resources to bring about the major changes necessary to have a significant impact on the school readiness of our young children.

That is not to let the private sector off the hook or to suggest that the efforts being made now and those that could be made are not important. One kind of private sector response which promises to be quite effective is represented by an organization I helped found, with major help from Governor Thompson, the Ounce of Prevention Fund. The Ounce is a public/private partnership, organized in 1982 to combine the resources of public funding with less restricted private funds to try out promising prevention strategies for a variety of problems. We really believe that an ounce of prevention is worth at least a pound of cure, in both human and economic terms. In Illinois, we have served as the primary research and development laboratory for that idea for six years. Private funders, including the Pittway Corporation, have invested almost $8 million in us. The State of Illinois, has generously supported us to the tune of over $23 million over the past six years. We have also received direct Federal funding of over $4 million for several Head Start programs, some research projects and a major new Chicago project, the Center for Successful Child Development, also known as the "Beethoven Project." The Beethoven Project, as many of you know, is a comprehensive early childhood intervention program, located in Chicago's Robert Taylor Homes, the nation's largest high-rise public housing project and one of its most impoverished urban communities.

Back in 1982, the Ounce was founded with grants of $400,000 each from the Illinois Department of Children and Family Services and the Pittway Corporation Charitable Foundation. Millions of dollars and six years later, we have grown and matured into an umbrella organization for several kinds of innovative programs. The Ounce of Prevention Fund's basic mission is change: change that improves the chances for children born into poverty and other conditions that are likely to diminish the opportunity those children have to become the productive, fully functioning citizens we hope all our children can become. In close consultation with 40 local community agencies who have requested our assistance, the Ounce helps design and then funds, monitors, and evaluates community-based programs throughout our state which increase the chances that babies are born healthy, that parents are able to nurture their children effectively, and that children arrive at their kindergarten classes ready to learn and succeed in school.

The one absolutely essential element to the Ounce of Prevention Fund's success has been the commitment of Governor Thompson and the directors of the State agencies with whom we have worked to make our ideas and programs possible. In every instance, they have welcomed us, and made every effort to encourage us, to create new ways to make state funds or services available to our programs and to remove any barriers to our working well together. They have been true partners in this venture. There are many ways in which state governments can and do work with the private sector to solve problems such as school readiness, but our experience has been that commitment from the top to make the most of private sector contributions is vital to the success of the project.

I'm sure you are all familiar with the Committee for Economic Development's report Children in Need. Brad Butler, former C.E.O. of Proctor and Gamble, chaired the committee that issued the report, and I was a member of that committee. As

Brad, points out, the C.E.D. is a very practical organization of very practical businessmen. Seven years ago they met in a retreat to examine the problem of how to stay competitive in an increasingly competitive world environment. After discussing investment tax credits and needs for research and development, they finally got around to discovering that what they could all agree on was that the most important single ingredient in being competitive was their human capital - and they saw their human capital as becoming scarcer in the years ahead. They all recognized the immediate need to improve education, and improve it a lot. As they started to think logically about how to improve education, they thought first about how they could help improve high schools. Then they realized this was pretty late in the student's career, and they started looking at the elementary schools. And, as their research intensified over the six years, they increasingly realized that while there was room for improvement in all public schools, what we need most is more and better pre-school programs. And finally, of course, they recommended much greater emphasis on prenatal care and very early infancy and toddler programs. As Brad Butler pointed out, while some businessmen are compassionate about children, and some are not particularly compassionate, the C.E.D.'s interest in children's health and well-being is not based on compassion, but on practical business judgments. We need those kids in America and we need them healthy and well educated.

Mr. Chairman, you and I and others recognize that "school readiness" starts in the womb, beginning with prenatal care for the mother, and continuing developmentally through the child's birth up to the age at which he enters preschool. Your leadership in the formulation, enactment and funding of the Comprehensive Child Development Program is evidence of your appreciation that for many children, preschool opportunities often occur too late in their development, and that for those children, interventions must begin sooner, and be comprehensive and continuous. I thank you for your understanding, your compassion and your leadership on this important initiative, and eagerly look forward to seeing the kinds of projects that are developed in response to the recently published Program Announcement of the Department of Health and Human Services. I hear that the program has generated enormous excitement and enthusiasm across the country, and that the Head Start Bureau anticipates literally hundreds of applicants.

However, I understand that today, the subject is preschool education, and I will focus my remaining remarks on that subject and on your proposal, Smart Start.

You are all familiar with the good results which came from the Perry Pre-School Program in Ypsilanti. I have attached a copy of the study conducted at Syracuse University entitled: Long-Range Impact of An Early Intervention with Low-Income Children & Their Families. Page 25 of this longitudinal study is in some ways even more encouraging. Just look at the differences between the Program group and the Control group. Seventy-four kids were in the program group to start. Sixty-five were located 10 years later - aged about 15. As you can see, only four of the 65 had had any trouble with the law. Furthermore, the incidents were relatively minor and all together only cost Syracuse $12,000. On the other hand, of the 74 control kids, only 54 could be located. But 12 of these 54 had had trouble with the law, and their cases were much more serious, including criminal mischief, violation of probation, sexual abuse, attempted assault - second offense, robbery - second offense, assault - second offense, and burglary. And the cost of these 12 probation cases was $108,000 before the kids were 16 years old. The per capita cost for the controls was $1,985 compared to only $186 for the program kids. Clearly cognitive gains are one easy way of measuring gains from pre-school programs. But the gains in social skills and reduction of violent behavior are much more important in my view. This study looked at these kids when they were 15 years of age. Look at them 10 years later, and you will have the costs of hardened criminals. Not only prison costs, but the costs of fear and violence to all of us who live in the same communities, and most of all the cost to their classmates in the schools - who simply are shortchanged day after day, week after week, year after year, by the schools' teachers who have to spend almost all their energy coping with the troublemakers in the class. Public schools often average 27 kids per class. Fifty-four kids represent about two classes in public school - that figures to be six troublemakers per class. A good teacher can cope with one troublesome student - not even two or three - but six is impossible. That's why in so many of our schools in Chicago, as I've told you, we find only two or three out of every 100 kindergartners who graduate 12 years later from high school, able to read at the 12th grade level. Smart Start, while somewhat less intensive than the Syracuse program, promises to show similar positive results.

Mr. Chairman, the real genius of Smart Start is that it recognizes the concept of the whole child in a family context by combining early childhood education with quality child care, and, most importantly, with other necessary and vital family support and social services that are so critical to help ensure the future school success of children. I agree with you that services for these young children, in this case three to five year olds, must be provided in a comprehensive fashion. It simply would not be as effective for many of these children if only one of their needs was attended to. Proposals that simply provide for custodial care, or for early childhood education, or for nutrition assistance, or for health care - although important - will not have the same impact as those proposals that are comprehensive and complementary that address the whole child.

Four year olds are not simply short ten year olds. Four year olds require different kinds of care and different kinds of learning experiences than do ten year olds. By requiring that Smart Start teachers have professional training and experience in early childhood education or development, you acknowledge an important and fundamental fact: trained caregivers are essential if we are to achieve better care. Three and four year old children whose parents are poor are already more at-risk for school failure, and thus, are in even greater need of trained caregivers. It is essential that as we move to increase the opportunities for early childhood education, we ensure that the supply of trained caregivers increases and that the wherewithal to provide that training be included.

Let me illustrate this point by sharing some of our experiences and plans in Chicago. Twenty-two years ago, when Head Start began, we founded The Erikson Institute for Advanced Study in Child Development in Chicago. Erikson has trained 500 leaders in the field of early childhood education over the past 22 years. Five hundred graduates does not sound like very many. But when you consider the impact that each of these professionals can have, it is indeed a more significant number. Jim Garbarino, President of Erikson, estimates that each graduate can, in one year:

1. train 50-100 paraprofessionals - CDA's or their equivalent - i.e., Smart Start teachers, or,
2. administer or supervise up to 10 affiliated centers, or,
3. directly supervise the teachers and caregivers of up to 150 children.

But 500 is still not enough.

Out of these 500 Erikson graduates, only 15 to 20 percent are minority. Although minority enrollment at Erikson is now up to 25 percent overall, it should be higher. However, the cost of doing this is more than we can handle. To successfully recruit many more minority students will mean not only full scholarships but stipends in addition - a cost of about $25,000 per student. Erikson has no endowment. To double our size now and accommodate 20 additional minority students will require a minimum of $500,000 a year, guaranteed for at least five years. But the payoff will be large. Not only will we have added in five years 100 well trained minority early childhood education professionals, but each of these leaders will favorably affect, or have an impact on, hundreds of children.

Let me share with you what two Erikson minority graduates are doing today.

Carol Brunson Phillips, class of '69, is the Executive Director of the Council for Early Childhood Education for Professional Recognition for the National Association for the Education of Young Children, here in Washington, D.C. As many of you are aware, the Council is the national training and credentialing organization for child development associates, or CDA's.

John Harris, class of '76 has served as director of a child and family development center offering both Head Start and day-care programs, and has served as chairman of the state-wide Head Start Directors Association. He is now coordinator of the child development program at Olive-Harvey College, one of the City Colleges in Chicago.

We need to provide the wherewithal for other professionals, like Carol and John, to receive their education so that they, in turn, can train and certify the qualified teachers and assistants who will be working directly with our children.

Mr. Chairman, Smart Start is a terrific initiative. While I recognize that current budget constraints make funding problematical, I can think of no better investment our country can make - in fact, no better return on invested capital-than in its young children and families. Smart Start will work, and will make an enormous difference not only in the lives of many of our young children, but also in the productivity of our businesses and industries who will employ them in the year 2000 and beyond, and, in the health of the economy of this country. We must move ahead. We cannot afford not to.

(Editor's Note. In the interest of economy, a booklet entitled "Long-Range Impact of An Early Intervention With Low-Income Children and Their Families", which accompanied this statement, was retained in the files of the committee.)

The CHAIRMAN. Thank you very much for all of your testimony.

In the time I have been in the Senate, we do not often get the kind of involvement that we have had this morning in attendance. Many of our colleagues have been coming in and out because they have had other committee meetings, but we have had the chairman of our Education Subcommittee, Senator Pell; Senator Harkin is still here; Senator Dodd is here; Senator Simon spoke earlier; Senator Adams, Senator Durenberger, and Senator Jeffords have been here. I think that is a pretty good indication of the interest of this Committee in the subject matter, and I am sure they are going to profit from the comments.

Since all of our colleagues have to move on, I would like to try and get as much of a discussion going here as we can. So I would hope our colleagues would enter in.

I would like to try to some extent play the devil's advocate. As Mr. Hiatt pointed out, here you have a company that is successful, that has daycare, an early education training program, and can show that they have a reduction in absenteeism, a reduction in terms of retraining programs. Why do we need a new Federal program to deal with this issue, if we have someone like Mr. Hiatt, who has a profitable company, and has been cited as successful in doing it? Why not let the private sector do it first? Why develop a new program, when we are hard-pressed in justifying getting financial support for any of them?

You are a group of businessmen and a successful educator, and you do not come down very often and ask for additional spending. Why should we be doing it in this area, particularly given the budget consideration?

This is the sort of thing we are going to hear around here.

Senator DODD. I would be careful about asking those kinds of questions.

The CHAIRMAN. Well, you and I hear that often around here, and I want to hear the answers.

Senator DODD. I know. You are going to get them.

Mr. MERCER. Senator, you are absolutely right—I feel totally out of place coming here and asking the Government to help. It is not the way we try to operate. But we are simply running out of human resources to run the basic industry of this country.

There are not enough Mr. Hiatts and those kinds of companies around to handle our burgeoning population and to make sure we are going to have qualified people to keep us in a leadership position.

What we are talking about here is jobs, growth, international competitiveness, which equates to a quality of life and a global leadership. And you simply cannot have that unless we have an educated population working for us. And it starts early, as your Smart Start bill suggests.

The CHAIRMAN. Mr. Doyle?

Mr. DOYLE. I think, Senator, that the private sector, the training of our current employees, the retraining—it goes on constantly; we spend a lot of money, more money than this bill even contemplates by far—is something that the private sector does very efficiently, does very well, and I think we should keep doing it.

I believe that education of people before they become employees of our private concerns is simply far better and efficiently and effectively done by the public sector.

So I would think that that is a fairly clear line of delineation between where responsibilities rest and also where efficiency and effectiveness can be divided.

So I would argue that it is appropriate for us to spend a lot of money—we have to—in continuing to train our current work forces, but then to turn to Government and say, when they come to us as employees, they should have the benefit of a qualifying education.

The CHAIRMAN. Mr. Harris?

Mr. HARRIS. Can I add to that, if a businessman is practical—and businessmen are—one would recognize that you ought to educate the people who are the most educable, the ones where you get the fastest payoff. That is not to go into the inner city and take the most difficult.

And I would like to point out in connection with the piece that appeared in the New York Times in response to the Heritage Foundation's point, that while you can show cognitive gains from Head Start, they seem to disappear in the two or three years after kids start elementary school. You will recognize that in high-risk families, when those children start school—particularly the boys—they continue to live in an environment where many of their peers are children who have experienced early, violent conduct practiced against them by their caretakers. When a large number of these kids have not been appropriately socialized, they come to school at six, trusting no one—including that strange new teacher who, in their minds, will be one more hostile adult, waiting to impose their violence.

Because of their early experiences, many of these children will not want to learn what the teachers wants to teach. Not only that—they will be sullen, and they will frequently make trouble for any classmate who, naively, is eager to trust and wants to learn because that is what he has learned at home.

So you have a peer pressure in those schools that is something terrible to contend with, and that is something that private enterprise is not about to take on and couldn't if they wanted to.

The CHAIRMAN. Mr. Hiatt, you were mentioned in that comment, and I think you mentioned in even one of our most important and very successful companies in Massachusetts, that when pressed in terms of economic constraints, that tragically, one of the first things they dropped evidently was the daycare program, which I think is perhaps somewhat instructive. I do not know if there is anything you want to add.

Mr. HIATT. We have been in the business of child care for 17 years now, and we spend a good deal of time trying to encourage other companies to use Stride Rite as a role model, and we have helped them plan budgets and develop curriculums; we have shown them all the kinds of data that Dr. Horner said we have an abundance of and we are not doing anything with. We are somehow not getting the message across.

Stride Rite makes a difference to a three year-old child and a four year-old child, but it is tokenism compared to the hundreds of thousands of children that we do not touch—unless, of course, we are allowed to make lots of cost and tender offers and acquire lots of other companies and then assure our kinds of programs to lots of other children. But that is not likely.

I am also concerned about the continuation of our programs. I should say that a prelude to all of this, or a sort of sine qua non of our programs, is returning to our investors, our stockholders, the increasing return on their investment. Our primary commitment is to the stockholder. And if we were not able to deliver, in our case over the last five years, 35 percent compounded annual growth in earnings as opposed to a 50 percent growth in stock appreciation, I am not sure we would be able to honor a commitment as we have been if we were to be taken over—although God knows why anyone would want to take over a shoe company; that is a poison pill in itself—but we have been approached, and I can tell you that the kind of people who have taken positions in our company, and fortunately have gone away, are not interested in programs like this.

As Mr. Mercer said, he has to pay a million dollars a week——

Mr. **Mercer**. A day.

Mr. **Hiatt** [continuing]. A day—to service his debt as a result of a cost and tender offer. And he may not have the same possession that I have; his social conscience is clearly present, but his resources are diverted. So you cannot look to the private sector. And I think you are a good devil's advocate, but there are too many other devils out there, and we are looking to Government to assume the responsibility that we are not going to assume—not for every child in need.

Senator **Dodd**. First of all, I want to commend the Chairman for putting this panel together. It is a pleasure to see Mr. Doyle, a constituent from Connecticut, and Irving Harris and his son, Bill, sitting in the back of the room, who have been tireless on these issues for so many years.

I was particularly struck, Mr. Hiatt, with your testimony of child care and the importance of it. Let me say, one of the problems we have, any time we have a hearing on anything revolving these related issues—whether it be Smart Start, child care, parental leave, or other questions, putting aside specific bills—we are constantly confronted with the adversaries coming from—with the exception of you, Doctor, and some others—from the business community, who come forward and talk about what these bills or what these concepts are likely to do—likely to do. And then we get witnesses like yourselves who have had experience—17 years in child care, or other such examples—stepping forward, saying, here has been our business experience with these programs, and here is how we have been affected. And frankly, you are not given the same amount of weight; you get lost in the debate. With all due respect—and I address this to you as members of the business community—do you have any better ideas on how you are going to convince the business community as a community that these issues are good issues for them, because as of this date, if you had to line up the proponents and the opponents of these bills, clearly, the largest segment of the opponents come from the business community, despite the fact that there have been thousands of businesses who have been involved in these programs for years, and successfully so—not only the program itself, but of course, the business has been successful.

Frankly, the battle is being lost in that context. What can you do that can improve that?

Mr. MERCER. Let me suggest, if I may, Senator, that one of the basic problems is this is a litigious society in which we live, and when we put our child care program in about six years ago, I had 47 lawyers tell me it was absolutely the wrong thing to do because we were going to wind up in court somewhere along the line. So it took a considerable amount of courage, and maybe some would say stupidity, to go ahead with that program.

We did. We have not had a problem. It has been beneficial to the corporation. But I kid you not, tomorrow we could wind up with a lawsuit on our hands because something took place that should not have taken place, and I will have these same people say, "You should not have done that."

I think that is one of the basic problems, is that you have no immunity from any problem that might occur in a child care effort.

Senator DODD. And on a similar point, I think it is terrific that you have all come here to endorse the Smart Start Program, and you have raised some good points about things we ought to look at. But one of the difficulties, as seen in other areas of legislation, is the business community's refusal to get behind particular proposals and ideas or to come up with them. The endorsement of general propositions leaves it rather vague. I mean, there are a number of proposals kicking around to deal with some of these issues, but it is not enough, frankly, to conceptually endorse something when we have got to make some decisions pretty quickly about which way to go—and some are good ideas, and some are bad ideas, quite frankly, in these areas.

Mr. HARRIS. I think you have today a consensus among businessmen—certainly, it is true in Chicago, generally; it was not true five years ago; certainly, it was true at the CED level—I think there is a consensus of business that something has to be done in a major way about our problems of education.

Our Secretary of Labor until a few weeks ago, Ann McLaughlin, made the statement that last June this country graduated 700,000 kids who were unable to read their high school diplomas and another 700,000 kids who did not graduate, who dropped out. That is 1.4 million.

Now, you stop to think that 18 years ago, only 3.7 million children were born altogether; 1.4 million out of 3.7 million who are relatively or functionally illiterate.

Now, we cannot go on that way, and businessmen——

Senator DODD. Irving, I could not agree with you more, but you are a voice in the wilderness.

Mr. HARRIS. No, no, not any longer.

Senator DODD. The business community has been silent, frankly, on this.

Mr. HARRIS. Not any longer; I am not a voice in the wilderness now.

Senator DODD. In my view, silent.

Mr. HARRIS. I was ten years ago, but not now.

Senator JEFFORDS. If the gentleman would yield, I would beg to disagree with him on that last issue. I have seen more business leaders in the last month come to me, urging this kind of assistance and help than, I think, in the previous 14 years I have been in Congress.

I think there is an increasing awareness in the business community that this is essential and important if we are going to maintain and hopefully improve our standard of living and if we are going to improve the productivity of the Nation.

So I am deeply encouraged by the response from the business community this year, and I think there is a general awareness of that.

Senator DODD. Well, I have seen some improvement, but you know the point, and I hope——

Senator JEFFORDS. It is good to get into dialogue. I was worried when the Chairman started off here; he preempted our questions on this side, but I am glad to see——

The CHAIRMAN. I have got my answers now, and when you start up on them, I know just where to go.

Dr. Horner, we cut you off on the other point.

Dr. HORNER. I agree with Senator Jeffords that the business community has actually begun to take the lead. It has taken much too long for people to own the problem, to understand it. We have known about it. I have been frustrated, working on it for 15 years, trying to get people to understand what is out there and how quickly it will happen. And if people do not see it immediately in their office, there are other, more immediate things that are commanding their attention. But I do think the leadership in the business community has begun to take hold of the issue and become frightened by the implications. And competition from the Far East has helped bring it to the fore, and the recognition that no amount of tinkering with trade bills and budget deficits, no matter how successful we are in dealing with those, are going to solve the problem if we do not address this problem. America's future is in great jeopardy.

Senator DODD. I understand what you are saying. But let me just tell you that in holding hearings, the groups we hear from that want to speak against are the National Association of Manufacturers, the Chamber of Commerce, the NFIB—as organizations, sitting at the very table you are, claiming to represent, which they do, in terms of membership, hundreds of thousands, if not millions, of business representatives. And they sit there at that table, and they come out against. In fact, they were furious when George Bush even talked about a tax credit for child care last year; on public record, being angry with him over it—forget the ABC bill or Smart Start or parental leave as bills they would be against—but they sit at those tables, representing you, as major organizations in this country, flatly opposed, time and time again.

Mr. MERCER. Senator, what groups did you just mention?

Senator DODD. National Association of Manufacturers, NFIB, the Chamber of Commerce. Those are the three major ones. And every time there is a hearing, they ask to testify, and they ask to testify against. And I never get a constructive suggestion of how you make it better, or a better idea.

Now, that is not the business community—I agree that individually, we are getting a lot more participation and a lot more individual support. But as organizations, they flatly come out against almost every one of those things.

Senator JEFFORDS. Well, let me say, not in defense of those organizations, that some of the most innovative ideas in education at this level have come from the private sector. The "Writing to Read" program by IBM, which we all ought to be familiar with, made tremendous strides in the ability to help the very young children in advancing in education; and the Plato Program is another that we have seen. Much of how we work with dropouts has come from development in the private sector.

So I think there is no question--I would have to admit that the people who came in to see me were CEOs, and maybe the word has not filtered down yet—but I think that there is a broad recognition among the leaders in the business community that it is essential and important we work in this area.

Senator DODD. I should say the Business Roundtable, by the way, has been pretty good. I have mentioned three organizations; I ought to mention one on the other side that has been a lot better on this, in fairness.

The CHAIRMAN. Let me just say I think there is certainly a lot to what my friend, Senator Dodd, says. I think a lot of it, though, is our own perception. I heard Dr. Horner tell me yesterday of an incident—and I do not know whether you would repeat it—she experienced visiting a school in Boston. I am not even sure that those who are on this Committee, even though they are concerned and interested in these issues and have a sense of commitment, but just that verbal description of what was happening in that school—would you share that with us, Dr. Horner—because I am not even sure that Members of the Senate or the Congress or most of the people in my State, let alone the City of Boston have this awareness.

Dr. HORNER. I will. It was a startling experience for me, who has worked on these problems for 15 years, to visit the Tobin School that I mentioned in my testimony, where there are a plethora of trained, talented, committed teachers and organizations willing to put all the resources and materials there, and fighting to make things available.

However, the product that they have to work with is a very different one than most of us assume is in the school system. They have 600 youngsters, most of whom are from poverty-stricken homes, whose parents are by and large on drugs, or dealing drugs, or involved in drugs, who are daily the victims of violence and abuse, who are undernourished, underfed—and as any psychologist can say, anybody who is undernourished, physically and cognitively developed, cannot possibly learn no matter how perfect the school system itself may be. The principal has to spend the time keeping the parents out of the school rather than letting them come in and be engaged, because they are in such a dreadful state.

I was there when two parents came in, using language that you would not want the youngsters to hear, and having bodily to escort the parent out of the room.

There was a policeman on horseback—a newly-introduced innovation in the school—to keep the drug dealers off, and chase them off the schoolyard campus.

There was a child sitting in a corner, unable to listen to anything, because they had seen an uncle macheted to death the night before and was the only one who could tell the police what was happening.

The level of disrespect for authority, when the children can tell you who is dealing drugs, and the police do not seem to be able to do it; taking away a submachine gun from a ten year-old.

This was all on an afternoon's visit to one inner-city school.

The need for social service, the need for support other than—you cannot teach a child to spell "cat" if you are confronting this kind of issue on a day-to-day basis—to see the mother, who was being escorted from the school, yelling at her child to "Please come and show the 'bitch' " that the child loved her and cared more about the mother than she did about the teacher.

This is what committed educators are doing. Unless we understand what the nature of the problem is in our inner-cities, we will not be putting together the right kind of programs. The teachers are out, soliciting from those of us who care in the community, money to buy mittens and coats, because the parents the night before sold the furniture or the coat in order to support their drug habit, and the children go to school in 20-degree weather, wearing T-shirts.

I think we have got to understand that there is no hope unless we do the integral kind of program. It is much more compelling to see this than it is to describe it. It is a kind of disbelieve one has as one enters it. And I am told that that represents a substantial part of the problem in a substantial number of our inner-city schools throughout the country. It is primarily an Hispanic community, a balance of Hispanic and black.

The CHAIRMAN. I would say that we would probably do something about it if it were in a Third World country. But for whatever reason, I daresay those stories do not even get out to the general population. I think all of us have to try and find ways of making these kinds of issues and questions matters of priority. And I think all of us understand that even the proposal we are hearing today is not the silver bullet. As H.L. Mencken said, "For every complicated problem, there is a simple, easy answer—and it is wrong." And we all know it is going to take a variety of different kinds of answers.

Senator Harkin?

Senator HARKIN. Mr. Chairman, I just wanted to raise one issue before we leave here today. To bring it down to the practical, I not only sit on the authorizing committee, and am proud and privileged to do so, but I have gotten a new responsibility thrust upon me this year—I now chair the Appropriations Subcommittee that deals with this, with all education, with all health services, with all human services.

I have been spending the last few weeks going through the budget proposals—the Reagan budget, now the Bush budget—and looking at what we have there, and I will tell you, it is disheartening.

We have, basically, a cut in education. They say it is frozen—well, it is frozen at last year's level, which means it is about a 4 percent cut in education. Yet we have a couple of new proposals from the President regarding education, for which no money is provided.

I do not know what our allocations are going to be from the Budget Committee, but Mr. Chairman, I have got to tell you, it is going to be tough. I don't think we are going to have the money in our subcommittee. I do not think that our allocations from the Budget Committee are going to meet the needs that we have, nor can we even keep the programs going that we have, as small as they are, as little impact as they make on the problems you have all discussed. We don't have the money. It is not there. There simply is no money.

And as chairman of that subcommittee—with other members, of course—we have got to make those decisions. I would love to pass this program, $500 million the first year, going up to $1 billion in three years. But we do not even have the money to continue the present level of student aid programs for college students. We do not even have the money there. They are cutting college work/study; the Guaranteed Student Loan Programs are being cut.

I am just trying to hold the line on those, Irving.

Mr. **Harris**. We are all going out of business? The whole Nation is going out of business?

If you short-change these kids—I do not care what the budget considerations are—if you short-change these kids, this Nation is going right downhill, fast.

Dr. **Horner**. Senator, where will we find the resources to pay for the consequences? I do not think we have them. I think the window of opportunity to stem the tide is getting narrower.

Senator **Harkin**. I think we have become so short-sighted around here, we are just trying to get through to tomorrow; that is just about it. And it is going clear down to everybody else in this country—just get through to tomorrow, and we will be fine. That is simply the attitude.

Let me raise something else on this money thing. You know, we have had a historical basis for education in this country that says that primary and secondary education is the responsibility of States and local communities. Post-secondary education is a broader responsibility; the Federal Government gets involved very heavily there, ever since the G.I. bill, the Pell Grants, Guaranteed Student Loans, National Defense Scholarship Loans—a whole panoply of things that we have done to help post-secondary education—not to mention research grants and all the other kinds of grants in aid that we give to universities.

There has been, I think, a reaction to the Federal Government getting involved in primary and secondary education except for Title I programs, special education, and things like that—a very narrow area of Federal Government involvement.

I am wondering if perhaps there is not another niche that the Federal Government could become involved in that would not disrupt that time-honored tradition of having the States and local communities involved in primary and secondary education, and that is to have the Federal Government involved in pre-education, like what we are talking about here, the Smart Start part of it, to change people's thinking about it, that there is a Federal role to play early, then States and local communities pick it up, and then the Federal Government comes in later on, as we have in the past, for post-secondary.

Well, that is philosophically very nice, but again, where do you get the money? And I will throw this out for your thinking: How about a dedicated fund? How about a dedicated trust fund for education, sort of a reverse—and I am going way out on a limb here, but I have been thinking about it for a long time—sort of a reverse Social Security. Right now, Social Security, you pay in all your life, and you take out. Now, if you happen to die beforehand, that is just tough luck; you are part of the statistics. But you pay in; if you are disabled, you get help, or later on when you retire, you get retirement. But you pay in all your life, and everybody pays in whether you are going to get out of it or not. We have deemed as a society that that is good.

How about a reverse Social Security, an educational security trust fund, wherein you could take out to be educated, families could take out early on for preschool education, for doing things like this, and you pay for it the rest of your life—everyone pays for it, whether you took part it in it or whether you did not take part in it. Everybody pays in—but at least you know that is where the money is going.

Now, I will just sum up my little soliloquy here by saying that every poll that I have seen taken of the people of this country, if asked, "Would you pay additional taxes if it went for education?"—80 percent or more say yes. But would you pay additional taxes, and let the Government decide how it is going to be spent—no, they do not want to do that.

So I am wondering if people would not support a dedicated fund just for education. I would just throw that out for your thinking.

The CHAIRMAN. Mr. Doyle?

Mr. DOYLE. Just let me comment on two issues. I think perhaps, again, back to Senator Dodd's question as to why we are not here often enough or vigorously enough or independently——

The CHAIRMAN. A nice thing to say to a constituent.

Mr. DOYLE. Well, I think the question is a legitimate one, because I think that what has happened in so many cases—and we do view, frankly, proposals for mandated benefits with a great deal of caution; we are all under enormous competitive pressures, whether a small or a large company; we look more rigorously at every dollar spent than we ever did before. We are, I think, frequently concerned about taxation levels because they too are a cost of business in a competitive world. So I think the fact that we are here rarely and selectively is perhaps an asset, because hopefully we will have more weight when we do speak. And this is an issue that I think attracts us in a number of dimensions.

One, it does allow, speaking to Senator Harkin's question about the difference between where Federal Government is involved and where the local Government is involved—it does have a phase-down of contribution. It is one of the few programs I have looked at that I can feel reasonably optimistic will not exceed its future cost projections because it does have a way of encouraging the local community to get involved. I think these programs are going to be successful, and when they are, local and State Governments will reassume their appropriate role, and this funding can either be flattened or perhaps even at some great future rate, decline.

So I think there are some assets in this kind of program that allow businesspeople concerned deeply about competitive cost to nevertheless come here and say this is worth finding the money.

The **Chairman**. Mr. Hiatt?

Senator **Harkin**. But again, I have to find the money someplace.

Mr. **Hiatt**. Yes, I would agree with Senator Jeffords that there is a growing awareness on the part of the business community, but I think the vast majority do not share the thinking of the group here, or even the CED Report.

I would agree with you, Senator Dodd, that business is not in the forefront, as they have not been in the forefront of hot lunch programs or minimum wage laws or smallpox vaccines—I do not think we have ever led that charge. We have supported it, and we have done it maybe involuntarily initially, but the tax dollars are there, and Senator Harkin now has to figure out ways—what we have already given is okay. You say we do not have money, but you know you do have money if it comes out of some established program.

Your dedicated fund program is something that has made a lot of sense to me for a long time.

Senator **Dodd**. Mr. Hiatt, just in response to you, let me say—understand me—I have wonderful witnesses who come to testify from the business community, individually, and I am tremendously grateful to them. They are extremely forthcoming. Invariably, they are people who have tried programs, who have had them in place. You mentioned the mandated programs. There is a philosophical rejection by business to anything that is mandated, and historically that has been the case.

All I would ask is that these organizations from time to time, instead of having sort of a boilerplate approach, would examine whether or not a specific idea or program has worked or not.

I have had witnesses stand here and tell me if mandated programs—in the case of parental leave, if it is adopted, it is going to cost a significant reduction of the benefit packages, and causes discrimination against women in hiring. Those are the two major new criticisms.

There are literally thousands of businesses in this country that have adopted parental leave policies for years. All I have asked the organizations to do is prove me one example—one example—of where a benefit package was ever reduced or someone was discriminated against because it was a parental leave package. And there is silence.

It is okay to be critical; it is okay to raise serious questions about it. But when you have sort of a boilerplate approach to these things and raise smokescreens about these questions, that is where it gets awfully difficult. And you people are the ones who are going to be affected—I am saying you people, because you are the only ones here I can talk to—but I hope——

The **Chairman**. I hope they come back.

Senator **Dodd**. But you are the ones who are affected by it. You are absolutely correct; business has suffered. But I just wish there was some change, where someone could reach into these organizations and groups and say you have got to look at these things, because that opposition kills us; it absolutely destroys us here, time after time after time. And Senator Harkin is correct.

Senator SIMON. Mr. Chairman.

The CHAIRMAN. Senator Simon.

Senator SIMON. If I could just comment briefly on my colleague Tom Harkin's observation—we can talk about theory here, but we have got to be talking about how we get the resources.

Prior to the President's speech on the budget the other night, I said to some friends: If he really faces the budget problem, we are going to see interest rates go down; if he ducks, we are going to see interest rates go up. He ducked. And within 24 hours, the prime rate went up one-half percent.

Assuming that happens throughout the whole lending arena, that one-half percent is going to cost the Federal Government $13 billion a year. If we were to tackle this deficit vigorously, we would see interest rates go down, and we could dedicate part of those interest rates to doing the things we ought to be doing in this Nation in terms of education and health care and the other things.

Prime rate in this country today is 11 percent. Prime rate in Japan is 3½ percent. Prime rate in West Germany today is 3 percent.

Now, it is just irrational that we are not facing up to our problems. The fastest-growing item in the budget is interest. And you are right, Tom, we are going to be facing the priorities. Chris and I are on that Budget Committee—and we are going to be determining this very shortly. When you exclude the School Lunch Program, we spend 2 percent of our Federal budget on education. Now, that is just irrational.

Senator HARKIN. The School Lunch Program has got a cut in the budget of $650 million—$650 million. And you have WIC, Head Start, immunization programs——

Senator SIMON. Yes, the whole thing. Somehow, we have to do two things. We have to get hold of our fiscal house and get it in order. One of these other little things—and I am taking too much time here—but we have slipped in terminology—you are business people, and you can understand this, Mr. Mercer—we have changed in listing interest from listing the gross interest expenditure to listing the net interest expenditure. So what we do is we deduct all the interest made by the trust funds from the interest figure that is put out so it does not look so bad.

In fiscal year 1980, we spent $83 billion in interest; this year, we will spend $234 billion on interest—a massive waste. Somehow, we have to get our fiscal house in order, and then we are going to have to ask where do we really have to invest the funds to make a better America. And what you people are talking about is where we have to put a good chunk of those funds.

Dr. HORNER. Senator, you chose a wise word, "invest". There is money that gets spent and disappears; there is money that is an investment that comes back to us. The savings we will have on welfare programs if we do X, Y, or Z, we have data that shows what one thing does or does not do; and I think perhaps thinking about our national budget in terms of what is a capital investment as opposed to what is strictly a cost may past due. Otherwise, I think we are on a suicidal course.

Senator HARKIN. The problem on my subcommittee is we are lumped in with, as you say, the other pot, all the other things that are out there, too; and so it is looked upon as an expenditure rather than an investment. Anything we spend is an outlay, is an expenditure. We are in that same pot with everything else.

I think it is going to be a tough battle this year, and I do not want to harp on it anymore, Mr. Chairman. But I will tell you, you people on the Budget Committee have got your first battle; then, when you give us our allocations, we on the Appropriations Committee are going to have a big battle, and then when we get on the Floor—it is going to be tough.

The CHAIRMAN. Well, you can see that the member here cares a good deal about these issues and feels strongly about them as all of you do. Hopefully, this is the beginning of some light in providing some national direction, and we have every intention of attempting to do that in the debates both on priorities and programs down the road. But we particularly appreciate your willingness to take the time to join us today.

We have asked you on other occasions to try and help us in making some inroads in terms of the business community, and we will work with you on that. We are sincere about it. I think you have gotten some sense of the frustration that has existed in the past, but I know I speak for everyone here that we basically want to be positive and constructive and cooperative. I know, just from my own associations from you, that it is a similar spirit which you bring to these issues. I think all of us have got a real task ahead.

But I am very, very grateful to all of you for taking the time and joining us here this morning. We will be looking forward to calling on you, and if you have individually some ideas or suggestions for us, I think you will find that we would welcome hearing from you.

We will stand in recess. Thank you very much.

[Whereupon, at 12:05 p.m., the committee was adjourned.]

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